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July 18, 1959

Donohue Heads NALU Building Fund Committee

24-Member Group Will Work With Campaign Director To Attain \$505,000 Goal

WASHINGTON—John C. Donohue, general agent of Penn Mutual Life at Baltimore and former trustee of NALU, has been named chairman of the National Assn. of Life Underwriters 24-member fund raising committee for the campaign aimed at bringing in \$505,000 for remodeling and equipping the headquarters building here that NALU purchased earlier this year.



John C. Donohue

The appointment of Eber M. Spence, of Indianapolis, retired vice-president of American United Life, as campaign director was reported in THE NATIONAL UNDERWRITER for May 23.

Pritchard's Views

President Oren D. Pritchard of NALU said that "as a former two-term member of the NALU board of trustees and as a current member of the NALU building committee, John Donohue has intimate knowledge of our building project."

Vice-chairman of the campaign committee is William E. North, New York Life, Evanston, Ill., secretary of NALU. Secretary is R. L. McMillon, Business Men's Assurance, Abilene, Tex., a

(CONTINUED ON PAGE 26)

Hancock Names Bird V-P In Charge Of Western Operations

William J. Bird, executive vice-president of the Greater Boston Chamber of Commerce, has been appointed by John Hancock as vice-president in charge of the western office at San Francisco. He will join the company Oct. 1, and will head operations in 12 western states.



William J. Bird

Mr. Bird has been chief executive of the Boston chamber for four years. A national leader in chamber work, he was formerly manager of external affairs of the U.S. Chamber of Commerce and editor of the Journal, national publication of American Chamber of Commerce Executives.

LIC-ALC-LIA Group To Assist Treasury With New Tax Law

A joint committee to deal with questions arising out of interpretation of the new life company federal income tax law has been appointed by the presidents of Life Insurance Conference, American Life Convention, and Life Insurance Assn.

One important reason for the committee's organization is that the Treasury Department, which is in the process of preparing the tax return form and interpretation of the statute, has asked the Washington staffs of life insurance associations for assistance in pointing up various questions that it should consider.

Three Functions

The specific functions of the committee are to assist and advise the Washington staffs of the associations (1) in the consideration of questions dealing with interpretation of the law, (2) in coordinating and considering such questions as may be raised by member companies and (3) in consulting with Treasury on the solutions of such questions.

Called the advisory committee on interpretation of company federal income tax law, it has as chairman Henry F. Rood, senior vice-president of Lincoln National Life.

Other Committee Members

Other committee members are R. F. Aranow, tax attorney of Continental Assurance; Henry B. Armstrong, attorney of Travelers; John Barker Jr., vice-president and general counsel of

HEW Chief Strongly Opposes Forand Bill

WASHINGTON—Secretary Flemming of the Health, Education & Welfare Department this week came out flatly against the Forand bill providing hospital, nursing-home and surgical services for recipients of old-age and survivors social security benefits.

His forthright stand at the House ways and means committee hearing on the bill was gratifying to the health insurance business, since up to that time the official HEW position had been, as one insurance observer put it, "strenuously non-partisan."

"We do not believe that HR 4700 provides a satisfactory solution to the problem," Mr. Flemming told a House ways and means committee hearing. "We are convinced that the objective of making adequate medical care reasonably available to our aged population should, so far as possible, be achieved through reliance upon and

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New England Life; B. Franklin Blair, actuary of Provident Mutual, and William Chodoroff, vice-president and comptroller of Prudential.

Also, C. G. Groeschell, comptroller of Northwestern Mutual; Norman M. Hughes, vice-president and chief actuary of National Life & Accident; Paul E. Martin, administrative vice-president of Ohio National, and William R. Shands, vice-president and general counsel of Life of Virginia.

The committee held its first meeting in Washington on July 14.

Sacramento, Van Nuys and Beverly Hills.

Agency offices in the state are located at Bakersfield, Riverside, San Jose, Stockton, Pasadena, with a new one due to open soon at Santa Ana.

In 1958 Travelers paid \$2,369,522 in salaries in Los Angeles, compared with

Zimmerman Calls Group Life Abuses Self-Limiting

Tells Conn. Mutual Agents Threat To Present Status Will Cause Insurers To Act

Fear of jeopardizing group life's present tax status will probably cause group companies to stop "some of the more questionable practices," so it is clear that the abuses of group

are self-limiting, said President Charles J. Zimmerman at Connecticut Mutual Life's conference at Banff, Canada. It was attended by a record 425 agents, who qualified by paying for at least half a million in the club year. "When group came into being," said Mr. Zimmerman, whose company does not write group insurance, "neither the government in giving tax incentives, nor the companies, nor the employers nor the employees expected some of the perverted uses to which group has been put. Unless they are eliminated, the government will take away some of the tax advantages group now enjoys. Facing this threat, the group companies themselves will



C. J. Zimmerman

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\$984,785 in 1948. Salaries paid in the state totaled \$5,410,466 in 1958. Insurance benefits paid in the state totaled \$61,410,446. Total life insurance in force in the state at year end was more than \$1.9 billion. Travelers has \$222 million invested in California, of which nearly \$131 million is in mortgage loans.

Travelers To Build Tallest Office Building In L. A.

Travelers will start construction this fall of a 22-story office building in the heart of the Mid-Wilshire district of Los Angeles. Cost is estimated at \$15 million.

J. Doyle De Witt, president of Travelers, told a press conference at Los Angeles that about 70,000 square feet of space of the 452,000 square feet of space available in the new building will be used as quarters for the Los Angeles branch of the group. The remainder will be leased.

Approximately 300 feet high, it will be the tallest office building in the Los Angeles area and represents the largest building project ever undertaken by Travelers outside of the home offices in Hartford. Completion date has been set for May, 1961.

The entire project is being planned and designed by Welton Beckett & Associates, architects and engineers.

Travelers entered California in 1878 but the first branch in Los Angeles was not opened until 1906. Since that time five additional offices have been carved out of the territory originally served by Los Angeles. Other branches in California are at Oakland, Fresno, Long Beach, San Francisco, San Diego,



TRAVELERS LOS ANGELES BRANCH—Above is architect's drawing of Travelers \$15 million, 22-story branch office building which will be erected in Los Angeles. Construction on the building, which will be approximately 300 feet high when completed, will begin this fall.

UPGREN ARTICLE CONCLUSION

Chances Of Continuing Inflation Called Small

Following is the conclusion of the talk that Arthur Upgren, Bigelow professor of economics and director of the bureau of economic studies at Macalester College, St. Paul, gave at the recent annual meeting of the Million Dollar Round Table in Bal Harbour, Fla. Include dare his diagrams showing the behavior of prices and other factors involved in inflation and deflation. The first part of the talk ran in the July 11 issue.

In the First World War, our taxes covered only 32% of federal government expenditures. Credit, as a result, was greatly increased. We had inflation. The rise in the index for wholesale prices was from 100 in 1913 to a peak of 247 in May, 1920. From 1914 to 1920, the consumer price index, commonly called the cost of living, precisely doubled.

This period of inflation was understandable. It was our first experience with war since the war in 1861-65, more than 50 years earlier. In that earlier war, we issued greenbacks and prices tripled. In World War I we did not issue greenbacks, the obvious road to inflation, but we issued what were equally inflationary dollars. Failing to cover more than one-third of the expenditures of the war from 1917 through 1919, resort was made to enlarged bank credit supplies (instead of greenbacks). These produced the rise in prices so common in war and so uncommon in peacetime.

Then in 1920, prices started to fall. Agricultural and wholesale prices fell sharply. The cost of living index declined 20%. From the low levels reached in 1921, prices remained fairly constant through all of the 1920s. There was a modest decline of almost 5% from 1926 through 1929. Then came a severe decline in all prices so that the entire period of price decline may be regarded as lasting from 1920 to 1930, a 19-year period. (It is interesting to note that the cost of living declined about 16% from 1920 to 1922 and then declined an additional 25% from 1929 to 1933. By 1940, the price level for the cost of living had advanced barely 8%.)

Government Bonds To Banks

In the Second World War, the federal government covered 46% of its expense requirements by taxation. As a result, the supply of credit was greatly enlarged, the volume of bank deposits increasing from about \$70 billion for all deposits other than government deposits in 1940 to \$170 billion in 1948.

Here we see the inflationary finance story again repeated. Taxation was low and the sale of government bonds was high. A very large share of these government bonds flowed into the banks. This was possible because devaluation of gold and huge gold imports from 1934 to 1944 had more than quadrupled our stock of gold—the basic monetary reserve of the country. Consequently, despite increasing the reserve ratios required of banks, bank deposits could greatly be enlarged, were so enlarged, and yet the banks possessed thoroughly ade-

quate reserves after this inflationary expansion. This was brought about by the sale of about \$80 billion in government bonds to the commercial banks in the war years.

With the end of the immediate postwar inflation in 1948, we entered upon our closest approach to a period of peace. Of course, the cold war then beginning was fanned temporarily into the red-hot Korean conflict in mid-1950. Prices now started behaving, that is after mid-1948, as they have in other postwar periods.

From the late summer of 1948 to early 1950, the consumers' price level, popularly called the cost-of-living index of prices, fell 4%. To be precise, the index had reached 104.4 in August, 1948, and it fell to 100.4 in January, 1950. For this index the average for the three years, 1947-1951, is taken as 100.

The Forgotten Price Drop

Here, interestingly and significantly, but without the American memory apparently recalling the fact in any way, prices fell half as much as they have now more recently risen since March, 1956, to late 1958. Everyone knows of course that we have had nothing but persistent inflation in recent years whereas, leaving out the period of the Korean conflict, this is

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Prudential Contract Negotiations Resumed

Representatives of Prudential and Insurance Workers International Union (AFL-CIO), for some 15,000 Prudential agents, resumed negotiations after a weekend recess. Contract talks have been going on since June 8, and have continued past the previous contract's expiration date of July 5. Meanwhile, Prudential agents are staying on the job, awaiting the outcome of the talks.

K.C. Life In Force Up

Insurance in force of Kansas City Life increased \$21.5 million in the first six months of 1959. Total in force is now \$1,341,600,000.

National Selective Life of Alabama has moved into its recently purchased Haardt Building in Montgomery.

Results For First Six Months Given

	1959 New Life Ins. Bus.	1958 New Life Ins. Bus.	1959 In Force Increase	1958 In Force Increase	In Force As Of 6-30-59
B.M.A.	204,419,719*	163,457,344*	102,133,834	69,928,691	1,629,621,074
Columbus Mutual	29,862,221	27,038,429	10,537,565	6,208,317	510,632,319
Fidelity Mutual	66,606,430	65,896,759	39,097,554	39,014,916	1,193,596,862
Franklin Life	433,290,099	317,393,657	219,580,148	136,356,078	3,385,831,740
Industrial Life	51,971,833	50,586,143	41,622,143	34,815,039	1,855,916,597
Jefferson Standard	111,543,762	105,988,286	52,045,059	44,277,506	1,341,994,866
Kansas City Life	405,140,114	317,298,045	305,474,587	208,965,280	4,919,780,601
Liberty National	104,290,298	86,561,038	57,321,229	48,545,951	722,383,801
London Life	127,335,629	209,387,883	66,906,337	164,759,078	2,191,535,329
Minnesota Mutual	70,750,000	72,550,000	30,100,000	15,950,000	1,075,740,000
Monumental Life	166,812,934	177,526,731	118,507,277	130,347,342	2,770,962,080
Mutual Life of Canada	113,934,083†	113,043,126	96,457,500	77,367,647	1,456,026,763
North American of Canada	457,927,602	380,602,050	279,834,304	211,215,135	9,616,108,708
Northwestern Mutual	159,662,613	116,289,753	114,967,832	82,709,149	2,085,551,523
Ohio National	80,073,228‡	70,992,285	49,211,936	46,490,735	996,289,757
Peoples Life	36,829,262	39,744,429	18,462,074	23,519,046	335,458,650
Phoenix Mutual	144,301,429§	166,502,987§	76,779,925	104,862,646	2,097,713,730
Security Life & Trust	208,909,149	155,571,330	70,266,412	42,706,232	1,041,404,165
*Includes \$9,661,081 revivals and increases in 1959 and \$12,492,740 in 1958.					
†Includes \$13,258,600 revivals and increases.					
‡Includes \$4,857,458 revivals and increases.					
§Includes \$2,038,101 revivals and increases in 1959 and \$2,172,520 in 1958.					



The 1959-60 officers of New York City Life Underwriters Assn. pose for the first group portrait after election at annual meeting in the Hotel Edison. Seated from left, are Stanley R. Wayne, Mutual Benefit Life, president, and Charles Ansell, New York Life, immediate past president. Standing, from left, are Gerald H. Young, Prudential, treasurer; Alfred S. Howe, Connecticut Mutual Life, public relations vice-president; Robert I. Curran Jr., Massachusetts Mutual, membership vice-president; Gerard B. Tracy, National Life of Vermont, educational vice-president, and Harry Phillips 3rd, Penn Mutual, administrative vice-president.

FIRST BOSTON STUDY

Life Company Stocks Appreciated 42.5% In 1958 On Average

Life company stocks appreciated an average of 42.5% during 1958, according to the 1959 edition of "Data on Selected Life Insurance Company Stocks," published by First Boston Corp.

The 22 companies covered in the study are selling at an average of 22 times reported net gain from insurance and 15.9 times adjusted net gain. The study shows that the stocks of these life companies are selling, on the average, at 151% of total estimated equity and produce yield of 1.1%.

Cash Dividends Small

"Most life insurance companies," the booklet states, "continue to pay out small cash dividends in relation to net gain from insurance—the current average for these 22 companies is 22%. However, many of the companies have declared or have announced stock dividends within the past year."

The past year was the eleventh consecutive year in which an increase was reported on the gross rate of return earned on life company assets. This

rate, which stood at 3.18% in 1958, increased to 3.85% in 1958. "In view of continuing higher interest rates and considering the upward momentum of the return being earned on life insurance investments, a further rise in the average gross return to about 4% for the full year of 1959 is anticipated," the study says.

Effects Of Income Tax

The study goes on to discuss the possible effects of the new federal income taxes on life companies.

The 99-page book contains detailed descriptions of 22 companies and gives statistical tables covering their business for five and 10-year periods.

Companies covered in the study represent "a substantial cross section of life insurance companies whose stocks are publicly held and in which there is a general market interest." The companies are Aetna Life, Bankers National, Business Men's Assurance, California-Western States, Commonwealth Life, Connecticut General, Continental Assurance, Franklin Life, Gulf Life, Jefferson Standard, Kansas City Life, Lincoln National, Liberty National, Life of Virginia, Massachusetts Indemnity & Life, Massachusetts Protective, Monumental Life, National Life & Accident, Southwestern Life, Travelers and United States Life.

Wood Is Scheduled To Address WLRT During NALU Meeting

J. Harry Wood, managing director of LIAMA will be the speaker at the Women Leaders Round Table dinner, Sept. 21, at the NALU convention in Philadelphia.

Mr. Wood is the fourth NALU convention speaker to be announced. Others are Gen. Mark W. Clark, World War II and Korean War military leader; David E. Kilgour, president of Great-West Life, and Bart Hodges, New York Life, Austin.

Suzanne Audet, Prudential of England, Quebec, is chairman of WLRT.

Independent Life & Accident of Louisville has been licensed in Montana.



THE COLLEGE WITHOUT A CAMPUS

Tucked away in a Philadelphia suburb is a college without a classroom or campus. Yet this unique educational institution has had a profound professional influence on the life insurance industry.

It is the American College of Life Underwriters, founded in 1927 to establish a professional standard of education in life underwriting. In pursuing its noble aims the college finds itself active in many areas: encouraging and fostering the training of college students for a life insurance career . . . cooperating with colleges and universities in general life insurance education for laymen . . . promoting

research and preparing text books and other essential materials.

But the college is perhaps best known as the organization that grants the designation, "C.L.U." Because of the high standards it set — and insists on maintaining — the Chartered Life Underwriter is recognized as a life insurance advisor who has attained true professional stature.

The Travelers is proud of its agents and staff men who are members of the Travelers C.L.U. chapter.

We salute The American College of Life Underwriters on its 32nd Anniversary.

ONE OF THE LEADING LIFE INSURANCE COMPANIES



THE TRAVELERS

HARTFORD 15, CONNECTICUT

Says N. Y. High Cash Value Curbs Won't Cripple Financed Insurance

By ROBERT B. MITCHELL

NEW YORK—Critics of financed life insurance who predict that the expected New York department restrictions on high early cash value policies will put a serious crimp in financed insurance sales are indulging in wishful thinking, in the opinion of Merrill P. Arden, general agent here for National Life of Vermont and president of Assn. of Advanced Life Underwriters.

Mr. Arden predicted that the great majority of policies for which financing is advantageous to the buyer will be financed by bank loans or in other

ways, such as policy loans on existing insurance, just as they were before the high early cash value policies were brought out a few years ago and made policy financing virtually effortless.

Sees Marginal Operators Vanishing

Asked about the probable effect of prohibiting a company from offering higher and earlier cash values on some policies than on others it sells, Mr. Arden told THE NATIONAL UNDERWRITER he believes the only result will be to shake out what he called the marginal operators in the financed insurance field. This doesn't mean, he explained, that they are marginal agents, for they may be well established, prosperous career life insurance producers. But they are marginal as respects financed life insurance because they lack contacts, actual or potential, who could buy financed life insurance advantageously.

Instead, these marginal operators

have been selling financed life insurance as an easy sale to great numbers of persons who should not be buying it and who in general probably have a seriously inadequate idea of what they are letting themselves in for. Often the agent who is selling it doesn't know either.

Specialists Sell The Most

Mr. Arden said that while the number of such sales has been great, the big volume of insurance has been and will continue to be sold by specialists who sell financed insurance to prospects who are in a position to use it to their advantage and moreover are equipped to understand the detailed and somewhat complex explanations that are involved. Moreover, in most cases, particularly those of any substantial size, the buyer has his accountant and lawyer check the figures meticulously.

With the more affluent type of prospect, the one who is in a high enough tax bracket so that the tax saving is an important consideration, there are usually various sources of financing available for the first one or two premiums. For the small buyer, however, said Mr. Arden, the use of life insurance cash values as collateral may mean that he is invading just about the only financial backlog that he possesses. He could be seriously pinched if the calculations on which he based his purchase of financed life insurance were not completely borne out by the results. He might find after six or eight years that he had a tiger by the tail—particularly if he had in the meantime become uninsurable, whereas the well-heeled buyer often has various other sources of funds that he can draw on.

Many Lack Reserves

Recalling a recent Life magazine article on the surprising number of high-income men who have virtually no cash reserves, and shockingly inadequate life insurance, Mr. Arden said financed life insurance offers a way of at least correcting the life insurance inadequacy in such situations.

As an example, he took a man with \$100,000 of life insurance, annual premiums of \$2,200, and cash values of \$10,000. His dividends and annual increase in cash values amount to \$10,000, so he needs only \$400 a year to take care of premiums on the old insurance. With the \$1,800 thus released he can buy about \$100,000 additional insurance on the bank-loan plan and cover 10 to 12 years' interest payments. In this way, he can nearly double his protection at the outset without increasing his annual out-of-pocket cost.

Antedated High Cash Values

"This is the classic way of selling bank-loan insurance," said Mr. Arden. "It's the way all the pros were doing it for years before the high early cash value policies came along."

Mr. Arden conceded that it does compound what the New York department regards as a serious aspect of the minimum deposit matter—the stripping of old life insurance policies. He said it opens the way for unscrupulous salesmen to use the familiar half-truths like "your cash values die with you," "the company pays you no interest on your cash value," and "it's your money but if you take it out you have to pay interest on it."

"This only means," said Mr. Arden, "that there are unsound as well as sound men selling financed life insurance. But it doesn't mean that there aren't a great many situations where financed insurance is the logical sale and very likely the only possible sale."

Why do I say that? Because so often even the higher-income man can only buy the life insurance he lacks by using the cash values of his old insurance to help him. Many people will buy on this basis when they can't or won't buy on the conventional basis."

Not only will New York's expected restrictions fail to put a serious crimp into financed life insurance sales but these sales should actually increase, in spite of the elimination of marginal operators, Mr. Arden feels. However, it would be a different story if the federal government should succeed in getting the interest on financed insurance disallowed as an income tax deduction.

Two Factors Should Help

Two things, he said, can be helpful government. One is help from American Life Convention and Life Insurance Assn. These organizations had their hands full with the tax bill recently signed by the President but now the struggle is over. As a matter of fact, the associations have already come out with a statement opposing the denial of the deduction, he commented, but until then AALU had to bear the brunt of the battle for the deduction on financed insurance.

Second, there is the fact that the new, higher tax on life companies tends to take the spotlight off the general subject of income tax aspects of life insurance. Rightly or wrongly, there was a tendency in Congress to consider that the life insurance business was not paying enough federal income tax and the tax deduction under financed insurance tended to probably otherwise would have, Mr. Arden feels. To the extent that this may have intensified the heat on the financed insurance tax deduction, there should be a corresponding lessening of it now.

La. Credit Life Company Formed

Bankers Life of Louisiana, a new credit life company owned primarily by members of the Louisiana Bankers Assn., has received its charter from the secretary of state. Incorporated in Ruston with \$302,400 in capital and surplus, its original subscribers to the stock include 164 bankers representing 74 banking institutions throughout the state.

Senate Ends Keogh Bill Hearings

WASHINGTON—The Senate finance committee concluded hearings this week on the Keogh bill or self-employed individuals' retirement act.

Levering Cartwright INSURANCE STOCKS

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Members Midwest Stock Exchange

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You may telephone orders collect.



Merrill P. Arden

He's on the
RIGHT ROAD
with
Equitable Life
of Iowa's

DIRECT MAIL



Important among the vast number of sales aids made available by the Equitable Life of Iowa is its Direct Mail program. Accorded an award by the Life Advertisers Association, and successfully proved in the field, this program is one more valuable help to the Career Life Underwriter along the RIGHT ROAD to profitable selling.



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LIFE INSURANCE COMPANY OF IOWA

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Conduct Many Discussions, Panels, Forums, At Society Of Actuaries' Western Regional

SAN FRANCISCO—A series of simultaneous sessions on employee benefit plans, individual A&S and ordinary insurance, together with a panel discussion on the cost of medical care, featured the western regional meeting of the Society of Actuaries. About 225 members and guests attended.

In the absence of the society's president, Pearce Shepherd, Prudential, one of the society's vice-presidents, James E. Hoskins, who recently retired from Travelers, opened the meeting. G. E. Cannon, Standard of Oregon, and W. A. Milliman of Milliman & Robertson, presided over the informal discussions.

In the discussion of a paper by J. C. H. Anderson on gross premium calculations and profit measurement for nonparticipating insurance, S. A. Robertson, Milliman & Robertson, remarked on the great potential of the techniques described, but questioned whether profits should not be related in some manner to the degree of risk involved. Both Mr. Robertson and H. J. Fisher, Occidental of California, pointed out that the apparent profits might be artificially affected by annual statement requirements. H. M. Sarason, consulting actuary, remarked that much attention had been focused on mortality and interest trends and noted the importance of considering renewal expense trends and the effect of the new increased federal income taxes.

Comments On Tests

E. F. Estes, Bankers Life of Iowa, commented on the importance of making tests as to the effects on premiums of varying the different basic assumptions, and of considering competition. E. A. Green, John Hancock, mentioned the possibility of allocating interest earnings to plans of insurance by a generation theory, so as to reflect the actual rates currently being earned on new investments.

J. A. Fibiger, Bankers Life of Nebraska, in discussing an actuarial note on major medical expense insurance, suggested the possibility of expressing the benefits under various plans of such insurance as a percentage of

some standard plan, based on relative cost of the benefits. C. H. Wain, Prudential, remarked that considering the many possible sources of large losses on medical expense insurance, the size of the level premium reserves to be set up was of minor importance.

The session on ordinary insurance and annuities was presided over by M. T. Lake, Occidental Life. W. A. Thompson, New York Life, said an analysis of his company's 1958 experience under pre-authorized check business indicated that it is drawing close to the expense savings anticipated. With regard to salary allotment business, it justified a reduced premium by fixing the minimum monthly premium per case at \$75. L. F. Slezak, Occidental Life, said although the company had not yet written a sufficient volume under the preauthorized check plan to attain expense savings anticipated, volume is increasing faster now due to policies changing to this method of payment.

Cites Pressures From Agents

R. P. Walker, Wisconsin National, cited pressures from agents to use the same loading on cases which did not meet the minimum premiums. H. F. Road, Lincoln National, emphasized the necessity of adopting realistic factors in determining nonparticipating premiums, if the actuary is to know how much margin is in the rates. R. C. Guest, Massachusetts Mutual, described his company's one year term dividend option practices and stated that it no longer permits attaching the option to existing policies.

S. E. Tinker, Bankers Life of Iowa, F. W. Clark, Lincoln National, and H. C. Dunkley, North American, discussed their companies' guaranteed insurability riders. J. C. H. Anderson, Bowles, Andrews & Towne, spoke on considerations involved in obtaining approval from state insurance departments.

W. A. Thompson gave some statistics on the company's withdrawal experience and cited introduction of the family policy and the recession as two important factors contributing to the marked increase in lapse rates

over the past few years. Mr. Fisher summarized the results of a recent analysis of his company's lapse experience. J. C. Noback, Northwestern Mutual, felt that the lapse rate depends largely on how well the agent qualifies his prospect. Mr. Wain said his company studies its withdrawal experience by region and is experiencing lower lapse rates in the northern regions.

In regard to guaranteed issue, H. L. De Prenger, Continental Assurance, quoted the mortality levels required to give a financial experience equivalent to that obtainable from conventionally underwritten business.

Mr. Wain stated that the trend in the costs of medical examinations, special tests and attending physician's reports is generally upward and cited some of the measures taken to keep underwriting costs down. R. C. Tookey, Lincoln National, discussed the pressures for higher medical examination fees and said the companies should promote better mutual understanding between the industry and medicine, reduce the number of fill-ins on the forms to an absolute minimum, and

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Record 350 Attend Annual Convention Of Lutheran Mutual

Some 350 agents and their wives made a record crowd at the 1959 convention of Lutheran Mutual Life in Waterloo, Ia. Speaker was R. L. McMillon, district manager at Abilene, Tex., of Business Men's Assurance. He is a trustee of National Assn. of Life Underwriters.

After registration and a mixer, business sessions were directed by Benton Lueddecke, general agent and president of Lutheran Mutual Underwriters Assn.

Recognitions And Awards

A banquet, entertainment and dance highlighted the event at which recognitions and special awards were made by Walter G. Voecks, company president. Wayne S. Bishop of the Elba Corp. moderated a panel discussion on audio-visual selling. An open house was also held at the company's recently enlarged, remodeled home office in Waverly.

one of the
best
and one of the
busiest

Comparable year-to-date figures continue to show that Central Life's sales consistently run well ahead of the life insurance industry as a whole. There are several reasons why this is so—and Central Life agents agree that an important one is *true graduated premium* on all plans (except single premium). The quantity discount idea, first introduced in the United States by Central Life in 1955, is another example of the sales-minded leadership that's making "One of the Best" one of the busiest, too!

Central Life

ASSURANCE COMPANY, DES MOINES 6, IOWA
Progressive and competitive, yes . . . but not

at the expense of financial security

ASSETS	\$165 Million
SURPLUS	\$13 3/4 Million
INSURANCE IN FORCE	\$550 Million

LOANS

A General Agent or Agent can easily have from \$2,000 to \$100,000... in a lump sum...at low bank interest rates...on his vested renewals through our exclusive, dignified, confidential service...

- For additional working capital
- For business expansion
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☐ AGENT

☐ GENERAL AGENT

Name _____

Company _____

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City _____ Zone _____ State _____



Member: National Assn. of Life Underwriters

Lynch Named V-P At Pru, Ingram Takes Over 2nd V-P Post

Prudential has elected William P. Lynch, 2nd vice-president at the north-



William P. Lynch



William Ingram Jr.

eastern home office in Boston, to the post of vice-president. Named 2nd vice-president to succeed Mr. Lynch is William Ingram Jr., executive director of agencies at the southwestern home office in Houston.

Mr. Lynch, who joined Prudential in 1937 as an agent at Jersey City, will assist Paul B. Palmer, vice-president, in the administration of the district agency department.

Mr. Lynch was elected 2nd vice-president in 1949, becoming at age 32 the youngest man in the company to be named to the position. He headed the agencies services department at the home office until 1955, when he transferred to the south-central home office at Jacksonville. Last November, he was assigned to the northeastern home office.

Other Appointments

Mr. Ingram entered the home office in 1932. He helped establish the western home office at Los Angeles in 1948, and the mid-America home office at Chicago in 1954.

In 1955, he became executive director

of agencies at the Newark home office, and transferred to Houston in 1958.

In other elections, Albion U. Jenkins, associate actuarial director at Jacksonville, and James J. Olsen Jr., associate actuarial director at the home office, become assistant actuaries. Mr. Jenkins, who joined Prudential as an actuarial student in 1947, is assigned to the north-central home office at Minneapolis as actuarial director.

To Take Okla. Back Tax Case To Court

Forty-four of the 78 life companies billed by the Oklahoma department for \$3 million in taxes on annuities, have joined forces to test the department's case in court.

The agreement to have a test suit was reached following a hearing at which Equitable Society attempted to show Commissioner Hunt that it did not owe the \$1,243,148 he has billed it for. No decision was made in the Equitable case.

Mr. Hunt is the first Oklahoma commissioner to attempt to collect taxes on annuities. He says a study of the law shows that annuity policies are insurance in Oklahoma. He billed 78 companies for five years of back taxes, threatening to cancel their licenses if the tax was not paid. A number of companies have paid minor sums aggregating \$6,000, but there is still about \$3 million outstanding on Mr. Hunt's bill.

Kirkpatrick: Forand Bill Is Latest Phase In Drive For Federal A&S Coverage

A. L. Kirkpatrick, manager of the U. S. Chamber of Commerce's insurance department, in a letter to the chamber's insurance membership, said that "The current phase of the drive for national compulsory health insur-



New officers of Life Agency Managers of Chicago: From the left, M. B. Bay, Prudential, vice-president; Earl Jordan, Massachusetts Mutual, director; A. C. Thoma, Metropolitan, chairman of the nominating committee; Frank G. Lotilla, Lincoln National, president; John W. Lawrence, Massachusetts Mutual, the outgoing president; R. F. Ober, North American of Canada, a director, and Edson Chapman, Metropolitan, secretary-treasurer.

ance seems to be aimed at passage of the Forand bill."

Mr. Kirkpatrick's letter noted that while the House ways and means committee continued hearings on the measure, Sen. McNamara of Michigan, chairman of a labor and public welfare subcommittee, has commenced hearings on problems of the aged and aging and will probably continue them across the country this summer.

Therefore, Mr. Kirkpatrick said, "It is highly important that the voluntary insurance forces lose no time and spare no effort in getting the full facts and a thorough understanding of the issue before as many persons as possible."

Issues Guaranteed Purchase Option

Midland Mutual has introduced a guaranteed purchase option which guarantees a policyholder the right to purchase as much as \$10,000 of additional insurance at each of specified option dates, regardless of health or other factors affecting insurability.

46 Companies OKed For Soliciting Gls On Overseas Bases

The U. S. Defense Department has licensed 46 life companies to sell their policies on overseas military installations. Licensing runs for the year starting July 1. Forty companies were licensed in 1958 and 27 in 1957.

According to the Defense Department, 49 companies applied for licenses. Three were denied solicitation privileges because they failed to meet the stiff requirements set up by the department several years ago. The department noted that these unqualified companies had been rejected before.

No renewal applications were denied for violation of regulations, but several accredited companies did not reapply for licenses.

First Licenses Issued

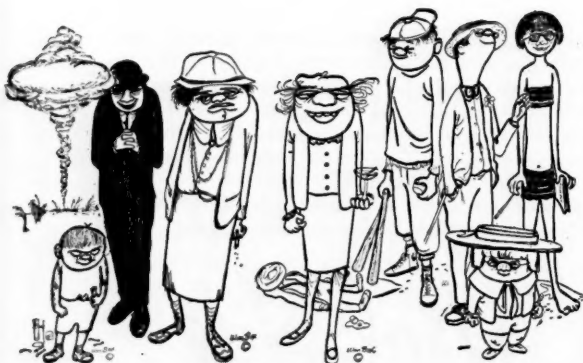
Licenses were issued for the first time to All American Assurance; American Bankers of Miami; California Life; Century Life; Life of North America; Midwestern United; Postal Life; Pyramid Life; Reserve Life; and Valley Forge Life.

Renewed licenses were issued to American Life of Alabama; American Life of Delaware; Atlas Life; Beneficial Standard; Colorado Credit Life; Continental Assurance; Crown Life; First Pyramid Life; General American; Gibraltar Life; Government Personnel Life; Life Insurance Society of America; Manufacturers Life; Massachusetts Mutual; Metropolitan Life; Midland National; Mutual Savings Life of Alabama; National Educators Life; National Fidelity Life; National Travelers Life; North American of Chicago; Occidental of California; Occidental of Raleigh; Old American of Seattle; Old Line Life; Pacific National; Pioneer American; Quaker City Life; Rio Grande National; Security Benefit; Service Life of Fort Worth; Standard Life & Accident; Trans-American Life; United Life & Accident; United Services Life and United States Life.

Franklin Life Enjoys Record First Six Months

Franklin Life established a record during the first six months of this year with a 36.5% increase in new sales. Total paid volume was \$433 million.

...and dandy group insurance coverage, too!



Reproduced through the courtesy of Box Cords, Inc.

Life Insurance in Force
Over \$1,500,000,000.

Life and Casualty offers to brokers a complete line of group coverages, including Major Medical, Creditor Group Life, Bantam Group for the smaller cases, and all the other usual group coverages.

Why not drop a line to our Group Insurance Director for full information or for a proposal on your next case.

Life and Casualty
Insurance Company of Tennessee

HOME OFFICE
NASHVILLE



PETER MILANOVICH

Peter Milanovich is a graduate of Indiana State Teachers College, Terre Haute, Ind. He was a high school teacher before entering the life insurance business.

These are his earnings as reported to the Director of Internal Revenue.

1952	\$11,077.69
1954	12,909.15
1956	16,658.86
1958	18,301.83



franklin specials break down resistance . . .

Greencastle, Indiana
May 22, 1959

Mr. Francis J. O'Brien, Vice President
Franklin Life Insurance Company
Springfield, Illinois

Dear O'B:

For five years prior to joining the Franklin I represented another life insurance company. In my first full Franklin year my annual earnings were more than my annual income with the previous company . . . even after five years of accumulated renewals and deferred commissions!

When a man joins the Franklin Life after having represented another insurance company, there is an adjustment he must make in his thinking. This is so because he must accept the philosophy of Franklin Life's method of selling insurance. However, he soon realizes that by using the Franklin Insured Savings Plans, it is possible for him to sell much more a lot easier than with conventional insurance plans. The Franklin Specials break down the barrier of resistance that so many prospects put up towards regular insurance plans.

I am truly indebted to Regional Manager C. R. Willsey. It was he who made me realize the terrific potential for selling and making a substantial income that the Franklin Specials presented. By using the Franklin Specials I am able to put insurance in force in many homes where none would have been sold through the regular methods. Franklin Specials cause people to buy insurance that they normally wouldn't have purchased!

In my opinion, my progress with the Franklin Life has been nothing spectacular. Anyone who has a desire to improve his situation and is willing to work can attain substantial earnings with the Franklin Life Insurance Company.

Cordially yours,

Peter Milanovich

An agent cannot long travel at a faster gait than the company he represents!



The Friendly
FRANKLIN LIFE INSURANCE COMPANY

CHAS. E. BECKER, PRESIDENT

SPRINGFIELD, ILLINOIS

DISTINGUISHED SERVICE SINCE 1884

The largest legal reserve stock life insurance company in the U.S. devoted exclusively to the underwriting of Ordinary and Annuity plans
Over Three Billion Dollars of Insurance in Force



Union Mutual Life Leaders Hear Coffin, Huey At Sales Meet

Union Mutual Life's annual sales conference at the Wentworth-by-the-Sea in Portsmouth, N. H., which had as its theme "Opportunities Unlimited," was attended by 300 leading producers and their wives.

Speakers at the four-day meeting included Vincent B. Coffin, chancellor of the University of Hartford and

former agency vice-president of Connecticut Mutual Life, and Burkett W. Huey, director of institutional relations of LIAMA.

Mr. Coffin, discussing prestige factors in selling, pointed out that in certain cases agents fail to close cases not because of any fault of their presentations or product knowledge, but because they do not have the necessary prestige or stature in the eyes of the prospect they are trying to sell.

This, he said, is no fault of theirs. Prestige can be developed; it is part of the growth process. A new man in

the business must begin by developing it within his own market, where he already has prestige on which to build. Next he must spread his prestige out and up by building his skills and expanding his knowledge.

At this point, Mr. Coffin advised, the agent will find it helpful to utilize third party prestige to make a favorable impression on prospects, and he should not be afraid to do so.

Another approach involves building prestige through community and civic activities, but this should not be at-

(CONTINUED ON PAGE 22)

General American Ends 1st Half With \$3 Billion In Force

In the first half of 1959, General American Life went over the \$3 billion mark of life insurance in force.

Individual sales for the first half exceeded the total for the comparable period last year by 22.4%. Paid life volume as of the end of June was \$60,519,771, compared with \$49,461,454, as of June 30, 1958.

Life insurance sales in June were 22.9% ahead of June, 1958. A&S sales were up 18.9% over June, 1958.

Security L.&A. To Recapitalize

Stockholders of Security Life & Accident have been advised of plans to recapitalize the company under a program which involves distribution of treasury shares of stock, a merger and a stock exchange. A special meeting of the stockholders will be held this fall to vote on the plan.

Holders of the \$10 par stock will receive a distribution of treasury shares at the rate of one-fifth share for each share now owned in Security L.&A. This distribution is scheduled for July 24. This has been authorized by the directors and is step one in the recapitalization program.

Will Vote On Merger Plan

Stockholders will then be asked to vote on a plan to merge Security L.&A. with Centennial Life of Denver. Security L.&A. acquired 100% of Centennial Casualty as of Dec. 31, 1958. The charter has been amended to qualify Centennial Casualty as a life company under the new name of Centennial Life. The plan is to merge the two companies and issue to Security L.&A. stockholders 10 shares of the new company for each share of Security L.&A. owned at the time of the merger. The par of the new stock will be \$4.

The effect of this will be to provide 12 shares of stock in the new company for each share of Security L.&A. owned before the distribution of the treasury shares.

The present Security L.&A. will be reinsured and merged into its wholly-owned subsidiary, which has at present authorized capital of \$1 million. The anticipated cash dividend on the new stock will be 60 cents a share, equal to \$7.20 a year for each share of Security L.&A. owned before the treasury distribution, and this compares to the current dividend of \$6 on the present stock.

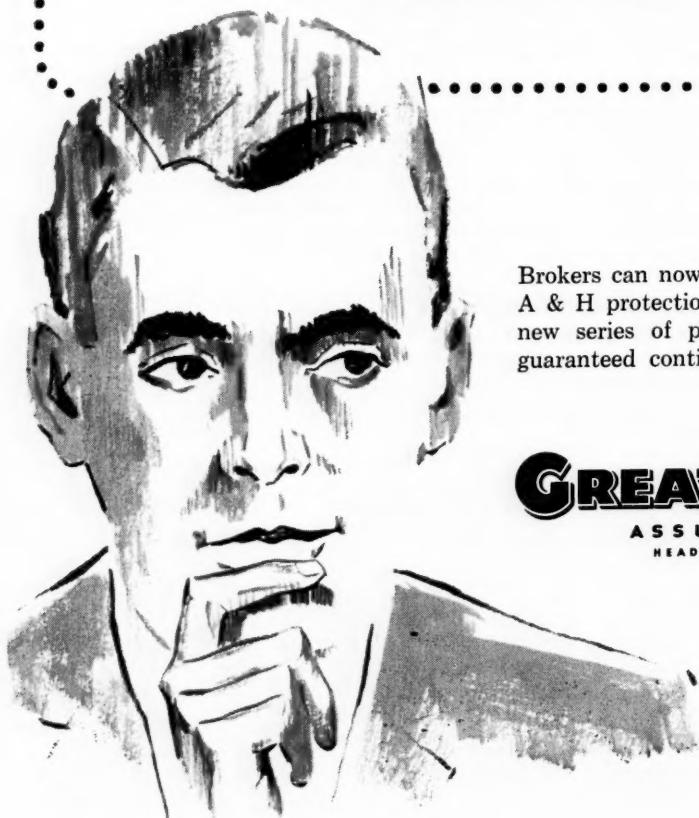
B.M.A. New Business Up 25% In First Six Months

New business of \$204,419,739 by Business Men's Assurance in the first six months of 1959 was an increase of \$41 million over a corresponding period last year. Insurance in force increased \$102,133,834 compared to \$69,928,961 last year. Total in force is now \$1,629,621,074.

Four Companies Join LOMA

Four companies, including one from Puerto Rico, have become members of LOMA, which brings the membership to 358. New members are Aeterna-Life, Montreal; Atlantic Southern of Puerto Rico, Santurce; Security American Life, Memphis, and Treasure State Life, Butte, Mont.

BROKERS! THINKING OF A&H? THEN THINK OF US



Brokers can now fully satisfy their clients' needs for A & H protection through Great-West's three great new series of plans featuring non-cancellable and guaranteed continuable contracts.

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GREAT-WEST LIFE
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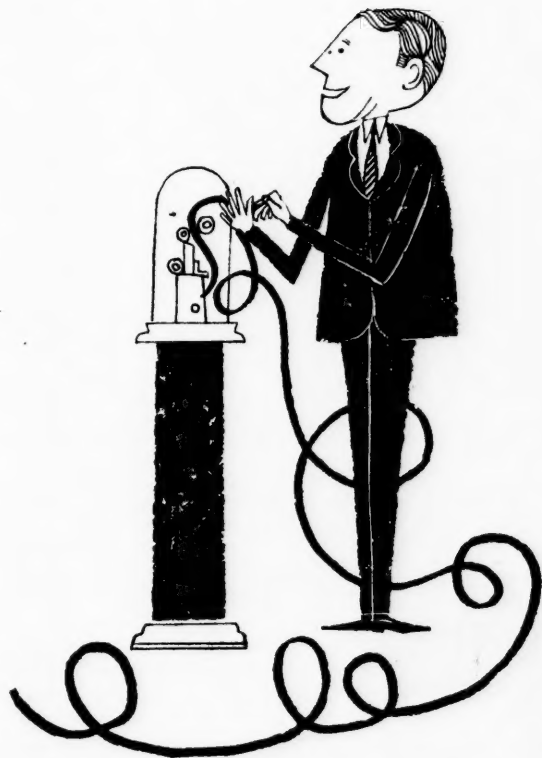
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**THE NATION'S
NO. 1 INSURANCE PROSPECT
...THE MANAGEMENT MAN
WHO READS
BUSINESS WEEK**

If a man's income is \$21,000, and he has almost \$60,000 in real estate, and more than that in stocks, and another \$50,000 plus in bonds and other investments . . . wouldn't you consider him a pretty promising insurance prospect? Particularly when at the moment he's only carrying \$40,901 (exclusive of group) on his precious life . . . and especially when you can reach him right in his own executive office, via Business Week, best-read of all management magazines.

Source: Business Week Research Report #53



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Tentative Program Is Selected For ALC Tax Program

A tentative program and discussion leaders have been chosen for the seminar of American Life Convention on federal income taxation of life companies Aug. 3-4 and Aug. 5-6. Advance registration for the identical meetings is heavy.

First day subjects and discussion leaders and associate leaders will be

Robert G. Epsie, Aetna Life, accounting problems; Seymour Smith and Edward C. Andrews, Travelers, expenses; J. Stanley Hill, Minnesota Mutual, and O. L. Frost Jr., Occidental of California, tax exempt interest and dividends received deduction; Henri J. Bourneuf and John C. Storey, New England Life, real estate; Henry F. Rood, Lincoln National, and Andrew Delaney, American General, reserve adjustments.

On the agenda the second day are J. Price Murphy, Equitable of Iowa, and John A. Roberts, Continental As-

surance, assets other than real estate; Richard F. Aranow, Continental Assurance, and William A. McClintock, Allstate Life, capital gains and losses; Richard C. Guest, Massachusetts Mutual, policyholders dividends; and Mr. Rood, stockholders dividends.

The sessions will be moderated by Alfred N. Guertin, ALC actuary.

Kennesaw L.&A. has attained \$30 million of insurance in force.

Seaboard Life has been licensed in California and Arizona.

Transamerica Corp. Organizes New Fire And Life Insurers

Two new companies organized by Transamerica Corp. in San Francisco—Transamerica Ins. Co. and Transamerica Life—have been licensed by the California department. Frank Belgrum Jr., president of Transamerica and one-time president of Pacific National Fire, said that other states will be entered as quickly as possible. The general plan of operation and coverages will be announced. He also reported the new companies will operate in competition with Pacific National Fire, Premier and Occidental Life of California, present Transamerica Corp. insurers. Head offices of the Pacific National Fire and Premier are in San Francisco—as will be the new companies. Home office of Occidental Life, largest subsidiary of Transamerica, is in Los Angeles.

Brazilian Social Security Team Visits Home Office Of Springfield-Monarch

A three-man Brazilian team of social security specialists, in this country to observe and study organization, program content and operating techniques of private insurance companies as well as the United States social security program, were guests at the home office of Springfield-Monarch companies.

Through the cooperation of the Social Security Administration the Brazilians will be in this country for three months under the sponsorship of the International Cooperation Administration. They are Ruy Rossa Nascimento, attorney for the Brazilian Social Security Institute for bank workers and assistant legal counsel of the Social Service Institute; Wilson Carrozzino, special assistant to the director of administration of the Social Security Institute for industrial workers, and Lelio Vieira de Paiva, a Rio de Janeiro attorney.

John H. Miller, vice-president and senior actuary of Monarch Life was host.

Rogers Heads Southern New York CLU Chapter

Cecil Rogers, New York Life manager at Binghamton, was elected president of the Southern Tier (New York) chapter of American Society of CLU at a meeting in Binghamton. Other officers elected were Rogers Sprout, Northwestern Mutual, Binghamton, vice-president, and Charles Hummel, Prudential, Johnson City, secretary-treasurer.

Jefferson Standard Life Sales In June Top \$29 Million, A Record

Sales of Jefferson Standard Life in June exceeded \$29 million, a record and gain of more than \$4 million over June, 1957. Paid business during the first six months totaled \$111,543,762, an increase of 5.2%, and paid business in June climbed 13.8%. Insurance in force increased \$52,045,059 in the six months, bringing total insurance in force to \$1,855,961,597 on June 30.

The Kaufman agency of Indianapolis, with more than \$2 million of new business, won top president's monthly honors of Indianapolis Life. General Agent Nate Kaufman personally accounted for over \$1 million.

A case for

ÆTNA LIFE'S PERSONAL PLANNING SERVICE

Here's a familiar name in your files . . . a man you've done business with in the past. He's young . . . on the way up . . . has a fine growing family . . . he's now ready to plan his life insurance with a specific goal in mind. He's a perfect prospect for Ætina Life's personal planning service with our Estate Control Plan.

The Survey Department of a near-by Ætina Life General Agency is ready at all times to help general insurance men develop and sell these substantial cases.

Look for him (and others like him) in your files today!

D. H. Murray



Service to General Insurance Men

"Compass" is a monthly Ætina Life service publication written especially for general insurance men and brokers. It points out unusual opportunities for building commissions and for cementing relationships with your clients and their attorneys and accountants. To receive your copy regularly write: "Compass", Ætina Life Insurance Company, Hartford 15, Conn.



ÆTNA LIFE
INSURANCE COMPANY



Affiliates: ÆTNA CASUALTY AND SURETY COMPANY • STANDARD FIRE INSURANCE COMPANY • Hartford, Connecticut



**"Do not regret growing old.
It is a privilege denied to many."**

Although old age has certain drawbacks, the unpleasant picture you may have of it is out of date. Today, many of our senior citizens—and there are more than 15 million of them aged 65 or older—enjoy travel, recreation, good health and many other satisfactions.

To live usefully and happily after retirement, you should start planning—*long before your 65th birthday*—for your health, economic security and the active role you'd like to take in your community.

For a healthy old age, be sure to have regular health examinations, eat sensibly, practice good health habits and develop interests for your leisure time.

Regular medical check-ups can be your most important safeguard against the chronic or degenerative diseases which occur most commonly in the middle and later years. Your health check-ups may disclose trouble while it can still be "nipped in the bud"—or its progress delayed.

Plan your diet around a variety of foods. Meat, milk, eggs, poultry, fish, vegetables, fruits, bread and cereals—in suitable amounts—will help keep your body in good repair and your weight in check. Always avoid fad diets.

Habits of exercise, sleep and recreation can make a big difference in how you feel. For instance, regular exercise helps keep

your muscles in tone and your circulation active. Your doctor can help you work out a plan for living to conserve your physical and mental resources.

Chances for happiness are slim at any age unless your leisure is occupied with satisfying activities. So, develop hobbies or take part in community affairs to stimulate your mind and keep you in touch with people of all ages.

Your chances of living to a ripe old age are good. That's why you should look ahead and plan wisely for the years to come. And as time slips by and "the future" becomes the present, you will find it is bright—because you have made it so.

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Metropolitan Life Insurance Company
(A MUTUAL COMPANY)

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This advertisement is one of a continuing series sponsored by Metropolitan in the interest of our national health and welfare. It is appearing in two colors in magazines with a total circulation in excess of 35,500,000 including Time, Newsweek, Saturday Evening Post, Ladies' Home Journal, Good Housekeeping, Redbook, Reader's Digest, National Geographic, U. S. News.

Home Office Changes

Bankers Of Iowa

New officers are George R. Fish, director of group service; Roland E. Franquemont, director of sales promotion, and Dalles L. Schroeder, assistant secretary. Mr. Fish has been with the company since 1927 and has been group service supervisor since 1948. Mr. Franquemont joined Bankers in

1938 and became director of sales promotion in 1957. An administrative assistant since 1957, Mr. Schroeder went with the company in 1950.

Metropolitan Life

Dr. George M. Wheatley, 3rd vice-president since 1949, has been appointed head of the health and welfare

division to succeed Dr. William P. Shepard, who recently was named chief medical director. Dr. Wheatley joined Metropolitan as an assistant medical director in 1941 and became assistant vice-president in 1945.

Mutual Benefit Life

Dr. Walter A. Reiter Jr. has been elected assistant medical director. He is the son of Dr. Walter A. Reiter Sr., former vice-president and medical director of Mutual Benefit, who retired in 1953. Dr. Reiter Jr. has been in

private practice, specializing in internal medicine and cardiology in Englewood, N.J.

Equitable Of Iowa



John B. Heidel
1953.

John B. Heidel has been appointed assistant superintendent of agencies. He entered the business in 1935 with National Life of Vermont, becoming a field supervisor at the home office in 1951. He has been general agent of the Albany of the company since

Kansas City Life

Gerald B. Rowan has been appointed assistant counsel, and Robert P. Robinson assistant actuary. Mr. Rowan has been city attorney of Cape Girardeau, Mo., since 1954. Mr. Robinson, who joined the company in 1951, has been in the actuarial department. He is an associate of Society of Actuaries.

Bankers Of Nebraska

Conrad Good has been named editor of the company's two publications, Sower and Lifeline. He will also handle coordination of printing, and promoting direct mail and merchandise programs. Mr. Good was formerly in Safeway Stores' advertising department at Denver.

State Mutual Life

Robert T. Tillson, senior underwriter, has been appointed chief underwriter in the A&S underwriting branch, and Robert W. Gardner, A&S underwriter, becomes senior A&S underwriter.

American Travelers

W. J. Holliday Jr. has been named chairman. He is a director of Holliday Steel, a subsidiary of Jones & Laughlin; a part owner of Haul-a-Way Inc. of Indianapolis, and a director of Howard E. Nyhart Co., pension consultants.

GENERAL LIFE of Wisconsin has appointed Jack D. Paulk vice-president and director of agencies.

SUN LIFE of Maryland has appointed Alan Goldberg assistant actuary.

Long Beach CLUs Elect

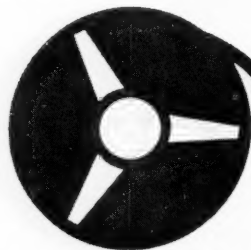
Long Beach chapter of CLU has elected Theodore H. Robbins, New England Life, president. Bryant Sells, Continental Assurance, is vice-president and Robert A. Fenberg, Equitable Society, secretary-treasurer.

N. A. Of Canada Offers New Plans

North American Life of Toronto is offering a new series of term plans and benefits known as Nalaco 78. These will lower premium rates in most cases and further the stratification for policy size. One plan, the Family Security Special, has been introduced to supplement the present Family Security riders. This offers lower rates for amounts of \$250 a month and over.

William E. Walsh, vice-president of Equitable Society, has been appointed a member of the New York City US OCommittee.

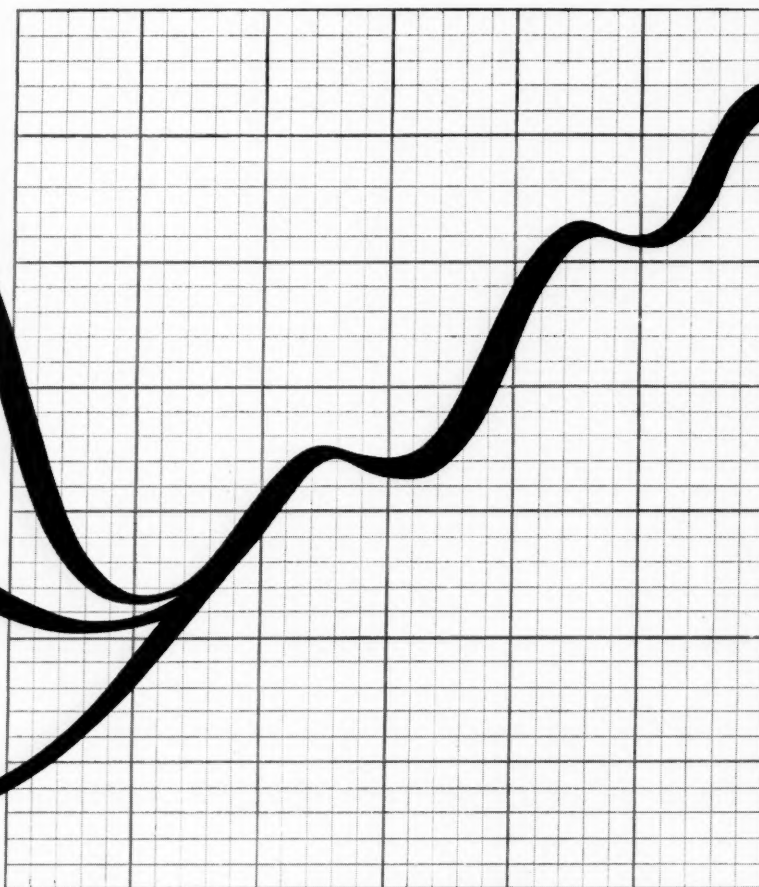
WEEKLY PREMIUM



REGULAR ORDINARY



MONTHLY DEBIT



GULF LIFE TAPES RECORD GROWTH WITH IBM 650

Gulf Life Insurance Company recently installed the first IBM 650 tape system in the industry to handle policy records and their unique agent compensation arrangement.

From an approximate \$440 million volume, Gulf Life has grown to over \$1 billion worth of policies in force in ten short years. This tremendous expansion seriously strained existing accounting methods.

The IBM 650 tape system currently handles some thirty to thirty-five thousand transactions per week in all lines generated by 1200 agents, superintendents, and managers located in 9 states. This integrated system maintains records on over

one and a quarter million weekly premium, regular ordinary and monthly debit ordinary policies. Complete accounting and historical records on tape help provide better service to policyholders and Gulf Life agents.

With the 650 system, the problems of conversion to tape records were eased. IBM automatic programming aids helped to convert the multiple files to machine language. IBM systems counseling and education helped complete the job.

Like all IBM data processing equipment, the IBM 650 may be purchased or leased. Call your local IBM representative today for more information.



Mr. Logan H. Campbell,
Vice-President and Controller,
Gulf Life Insurance Co.

IBM
DATA PROCESSING

Changes In The Field

Paul Revere-Mass. Protective



Seth T. Lawrence

Seth T. Lawrence, regional training supervisor for the central sales area since 1957, has been appointed general agent of the newly opened agency at Denver. He joined the companies at Albuquerque in 1949 and four years later transferred to Denver.

Appointed regional training supervisors are:

Frank L. Harrington Jr. for the southwestern sales region, with headquarters at Albuquerque. He joined the companies in 1954, has been a group agent, special agent and, most recently, supervisor at Albuquerque.

James L. McCann also for the southwestern sales region, but stationed in Shreveport, La., where he has been a supervisor since last year. He joined the agency there in 1955 as a special agent.

Olan G. Connelly for the southern sales region with headquarters at Charlotte, N.C. He entered the life business in 1952 and became a member of the companies' Asheville agency in 1956. He was named supervisor there in 1958.

Indianapolis Life

Byron L. Hart has been appointed general agent at Des Moines. In the business since 1935, he has spent most of his career as general agent there of Pacific Mutual.



Byron L. Hart

Franklin Life

Joseph S. Hepner of Cleveland has been named sales supervisor for northeast Ohio. He entered insurance in 1953 with Equitable Society.

John R. Elari of Rutland, Vt., has been appointed general agent for the company there. Before joining Franklin, Mr. Elari had been with Metropolitan Life for 16 years.

Provident L.&A.

J. Marshall Dye has been appointed group supervisor at Memphis. He has been manager for the company at Little Rock. Mr. Dye will be assisted in his new post by John J. Emerson, who has been with Provident since 1958.

Pacific Mutual

Dickson C. Buxton has been appointed manager at Portland, Ore. With the company seven years, he has been supervisor of agencies since 1956.

Northwestern National

C. Eldon Archer, district manager at Arkansas City, Kan., and Ralph H. Remington of the Wichita district agency have been appointed supervisors at Dallas. Mr. Archer joined

the company in 1955 and has been district manager since 1957. Mr. Remington went with Northwestern National in 1954.

Old Republic



Paul A. Beluche

Paul A. Beluche has been appointed general agent at New York. He was with the Camps agency of John Hancock.

Massachusetts Mutual

F. Robert Piliere has been named district manager for Rockland county, N.Y., with headquarters at New City.

He has been district manager of Guardian Life.

Union Central Life

Frank W. Williams is the new manager at Birmingham. He succeeds L. R. McGaully, who is retiring to concentrate on personal production. Mr. Williams entered the life business in 1951. He has been division manager of Prudential in Birmingham for nine years.



F. W. Williams

General American

General American Life has promoted Thomas H. Stewart to district group manager in Chicago. He succeeds Maxwell J. Loose, who was recently named regional group manager. Mr. Stewart joined the company in 1952. After a period of military service he was assigned to the company's

Little Rock branch in 1955. A year later, he joined the Chicago office and was appointed assistant district group manager last year.

State Mutual Life

Richard H. S. Hensel has been appointed manager of the newly opened group office at Greensboro, N.C. He has been regional group manager of Lincoln National Life at Erie, Pa.

Prudential

Appointed district managers are: Clair E. Hepler at Oil City, Pa., succeeding James I. Rhoades, who has transferred to Reading. Mr. Hepler joined Prudential at DuBois in 1940, became staff manager there in 1953 and transferred to head the Brookville detached office of the Oil City district in 1957.

Joseph M. Collier at Clifton Heights, Pa. He has been staff manager at Norristown, Pa.

Charles A. Foskett at Flushing, N.Y. He joined the company as an agent at New York in 1947, became staff manager at Huntington in 1956,

Weather Forecast

National Life men will continue hot,
and there will be showers of
applications all over the entire area.



THE
NATIONAL LIFE
AND ACCIDENT
INSURANCE COMPANY
HOME OFFICE - NASHVILLE, TENNESSEE

training consultant at the home office in 1958 and regional supervisor for Long Island later that year.

Arthur K. Staymates at Washington, D.C., to succeed Harold W. Moyer who has transferred to Allentown, Pa. Mr. Staymates became a Prudential agent at Greensburg, Pa., in 1948 and since then has been staff manager, training consultant and regional supervisor.

Sun Life Of Canada

Gwil Evans, manager at Grand

Rapids, has been appointed manager at Atlanta, succeeding D. W. Connell, who is returning to personal production. Mr. Evans is succeeded by Eugene T. LaCroix, former district supervisor at Lansing. Ab Neufeld, district supervisor at Calgary, Alta., has been named manager at Columbus.

Crown Life

Peter Rosetti has been appointed group representative at the regional group office in Philadelphia, where

he has been in group and A&S sales for American Mutual Liability and Provident Mutual Life.

Praetorian Mutual

Victor S. Morgan has been appointed general agent at Dallas.

State Farm Life

James L. Elliott and Pinckney H. Walker have been appointed managers at the Dallas and Jacksonville regional offices. Mr. Elliott has been chief risk

appraiser at St. Paul, and Mr. Walker is administrative assistant at Springfield, Pa.

Bankers Of Iowa

O. H. Gudmunson and Richard L. Wamsley have been appointed managers at Los Angeles and Sioux Falls,



R. L. Wamsley



O. H. Gudmunson

S.D., respectively. Mr. Gudmunson, who has been manager at Sioux Falls since 1953, joined the company in 1946. He succeeds M. D. Cramer, who is now director of agencies. Mr. Wamsley, has been manager at Eau Claire, Wis., since December.

National Life Of Vermont



Lee W. Rich

Lee W. Rich has been appointed general agent of a new general agency in New York where he has been associate general agent of New England Life's Byrnes agency since 1956. He has also been assistant general agent of Aetna Life at Newark and before that was special agent of Royal-Globe for the eastern states. He is a former vice-president of Newark Life Supervisors Assn. and past treasurer of Newark Life Underwriters Assn.

Lois E. Robertson, office manager at Philadelphia since 1942, has retired to get married. She is succeeded by Ada H. Dotts.

Mutual Benefit Life



Peter J. Boone

Peter J. Boone has been appointed general agent at Saginaw, Mich., to succeed M. James Houlihan, who has become a partner in Mutual Benefit's newly formed Ott-Houlihan agency at Detroit. Mr. Boone entered the life business in 1949 as an agent with Equitable Society at Emporium, Pa., and established a district operation at Butler, Pa., in 1951. He is a CLU and past president and secretary of Butler Life Underwriters Assn.

SECURITY-CONNECTICUT has appointed Albert J. Arbogast Jr. manager at Louisville.

Indianapolis Actuary Moves

Edward J. Peters & Associates, consultants and actuaries of Indianapolis, has enlarged its staff and moved its office to 3637 North Meridian Street. James Griffith and David Morrow will handle accounting and office management service; Donald Goben, underwriting and policy issue, and Walter Moos, statistical services.

ADVERTISED IN LOCAL NEWSPAPERS

Advertisements similar to this one are targeted at the prospects of our representatives in their own local areas. Each advertisement features a particular policy; thus affording the local agent a "hard selling" partner. These advertisements will reach millions of readers throughout our territory, building prestige for the company and developing prospects for the agent. The fine promotional assistance rendered by newspapers, magazines and reprints of our ads, furnished by the Home Office, are additional ammunition. All this, coupled with our top-notch policies and sales aids, will help you sell more under

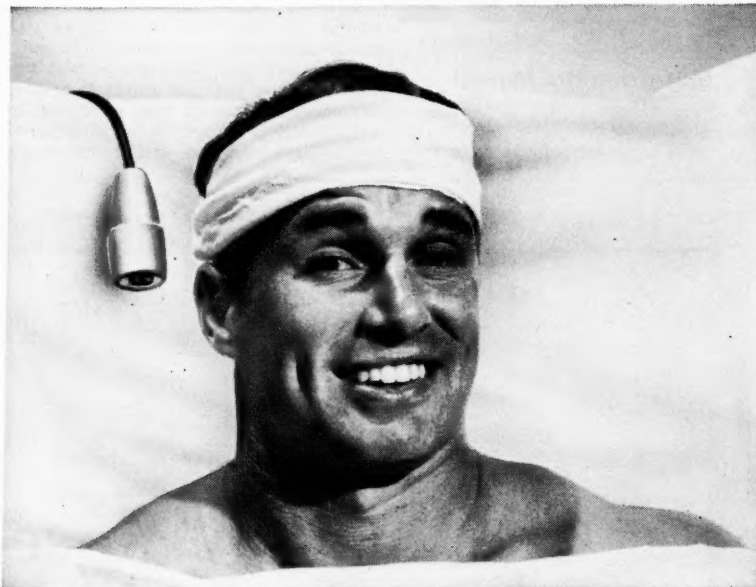
PAN-AMERICAN'S CAREER CONTRACT

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President

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Executive Vice-President

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Senior Vice-President

Confidence in the future? Sure, he's got it!



His Pan-American policy paid most of the bills!

His Accident and Sickness policy with Pan-American Life really "paid off" when he needed ready-money for hospital and doctor bills. He knew, when he took out his policy, that Pan-American Life was built upon public confidence . . . and he knew he could face future emergencies with more confidence because of this policy.

But he didn't foresee what wonderful aid he'd really get! Believe me, now that Pan-American is helping him he has become one of the company's many boosters.

Are you covered? If not, talk it over with your friendly Pan-American agent—

General Agent's
Name and
Address go here

Among the top 10% of
U. S. Life Insurance
Companies—writing
more than 90%
of all life
insurance.



Pan-American Life Insurance Company

A Mutual Company • New Orleans, U. S. A.

1959 Argus Chart Of A&S Insurance Ready

The 1959 edition of the Argus Chart of Accident, Sickness & Hospitalization insurance has just been published, showing facts and figures of 989 companies of all kinds writing this class of business. The financial statement information includes operating reports, underwriting results, analyses of individual and group business, compiled from official reports to insurance departments and special reports from the companies.

Gives 5-Year Report

The Argus Chart shows a detailed and extensive report for five years for most of 284 larger A&S writing companies. The annual statement portion of this report is divided into a financial and operating report covering the company as a whole, an A&S report giving the breakdown of individual and total business for premiums written, premiums earned, claims incurred and expenses incurred including claims expenses, with the resulting loss and expense ratios. Also shown are the premiums earned and claims incurred and the loss ratio for the individual A&S items of accident only, A&S, non-cancellable A&S, and hospital and medical. Group business is given separate treatment showing premiums earned, dividends to policyholders, premiums less dividends, claims incurred, expenses incurred including claims expenses, ratio of claims incurred to premiums earned after dividends, ratio of expenses incurred to premiums written after dividends, and the combined loss and expense ratio, and the gain from underwriting after dividends to policyholders. Miscellaneous data include the list of states and countries in which the companies operate, kinds of contracts issued, brokerage practices, number of branches, general agents, and agents, type of company, when formed, when it started writing A&S, and whether it is a member of Health Insurance Assn.

Briefer two year exhibits are shown for 518 additional companies. These include assets, capital, surplus, premiums written and earned, claims incurred, and expenses incurred. In a

Production Leaders Of Nw Mutual Are Named

The sales force of Northwestern Mutual produced \$803,355,000, of new business during the agents' year ending May 31, exceeding the previous year volume by \$88 million.

Sidney F. Greeley Jr., Framingham, Mass., wrote the most lives with 145, and he becomes president of the Marathon Club. A total of 264 agents earned membership in the Fifty Lives Club.

C. F. Gaudet, Grand Rapids, with a ratio of 185.87% led in percentage over best of three preceding years, and J. J. Lansing, Mason City, Ia., with 136 wrote the largest number of lives over his best year.

Gold, silver and bronze buttons were presented to leading new agents. R. J. Taylor, Atlanta, who produced \$1,207,500, and J. G. Stahmer, Denver, with the greatest percentage of increase over his best year, won gold buttons. Silver buttons went to D. B. Jobson Sr., Dallas, as sales leader, and W. S. Sommerschield, Elmhurst, Ill., for percentage of increase. G. G. Everhart, Kansas City, led agents qualifying for bronze buttons, and J. A. Formella, Milwaukee, was runner-up.

special section, information is given concerning 84 Blue Cross plans, 72 Blue Shield plans, and 31 other hospital and medical-surgical insurers.

The chart's opening pages contain explanatory notes and definitions of the financial statement items shown in the statistical sections. Each item is defined and each definition carries a specific reference to the page and line number of the official annual statement blank for each type of company.

The Argus Chart of Accident, Sickness & Hospitalization insurance, like its companions, the Argus Fire Chart and Argus Casualty-Surety Chart published a few weeks ago, sells singly for \$2.50 per copy and less in quantities. It is now being delivered from the reference book department of the National Underwriter Company, 420 East Fourth Street, Cincinnati, and may also be obtained from any of its branch offices.

Murchison Buys 16% Of Gulf Life Stock

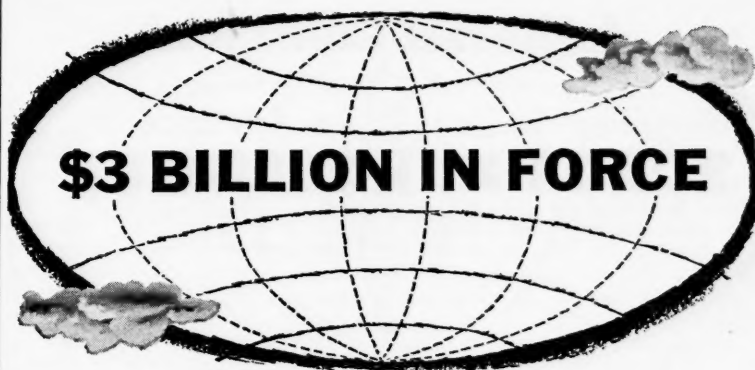
John D. Murchison has confirmed that Murchison brothers of Dallas have purchased a 16% stock interest in Gulf Life for \$3,500,000.

The Murchison interests, according to M. Stanley Niehaus, president of Gulf Life, bought up 358,701 common shares of some 2,200,000 outstanding at a contract price of \$37.50 per share. Murchison brothers now control the largest single block of Gulf Life's common stock.

Shenandoah Agents Attend Home Office Sales Training School

A basic sales training school for agents of Shenandoah Life was held at the home office. James L. Whitt, director of training, who is in charge of the program, was assisted by F. N. Bailey, chief underwriter, and F. Day Light, director of policyholders and office services. Paul C. Buford, chairman, addressed the group following a reception and dinner at the Hotel Roanoke.

Life Insurance Women's Assn. of Indianapolis has installed Mrs. Frances Beeson president; Mrs. Leland P. Duckworth vice-president, Mrs. Virginia Campbell and Martha Volmer secretaries, and Kathryn Pickett treasurer.

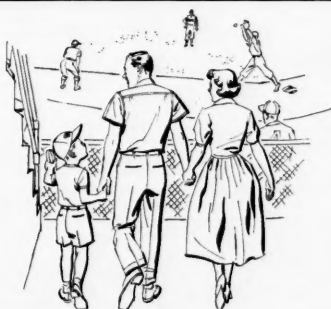


MANUFACTURERS LIFE ADDS THIRD BILLION IN RECORD TIME

\$3,000,000,000 now in force ... It's an accomplishment we're mighty proud of. In the past many people have made significant contributions to our growth and of these, the men in the field are first in line for congratulations. We pay tribute to our Managers around the world for their untiring efforts to build top-flight agency forces. We are particularly proud of our Life Underwriters who, through sound work habits and intensive study, have qualified themselves to give professional service. Special mention should be made at this time of the insurance men outside our Company who have expressed confidence in the Manufacturers Life by placing substantial volumes of business with us.

Through all these people, Manufacturers Life has provided the public with liberal underwriting practices, low premium contracts and sound administration. This is the successful combination that has added \$1,000,000,000 to Manufacturers Life's business in force in just 4 years.

THE
MANUFACTURERS
INSURANCE **LIFE** COMPANY
BRANCH OFFICES IN 20 COUNTRIES



Modern Americans Want MODERN LIFE INSURANCE

Modern Americans take advantage of greater leisure time and many recreational opportunities made available to them. They also seriously plan for tomorrow's needs. Basic in their planning for their financial future is life insurance, for it is safe, economical and adaptable to changing needs. Modern Americans have learned, too, that Modern Woodmen life insurance serves them well with its modern, personalized applications.

Agents, knowing they represent a sound and progressive organization, put real enthusiasm into their presentations. Their efforts are backed by the latest in selling tools—outstanding sales aids, cost-sharing newspaper advertising, training schools. For BOTH agents and policyholders who want modern life insurance, it's Modern Woodmen.



Sell Modern Life Insurance
Sell MODERN WOODMEN

\$635,000,000 LIFE INSURANCE IN FORCE \$860,000,000 RETURNED TO POLICYHOLDERS AND BENEFICIARIES ASSETS EXCEED \$213,000,000
MODERN WOODMEN of America HOME OFFICE — ROCK ISLAND, ILLINOIS

Editorial Comment

'Advanced Selling' Is An Advance

With all the emphasis there is today on communicating clearly, we would like to cite a contribution to communicative clarity on a point that has been getting increasingly obfuscated without much prospect that anybody would ever do anything about it.

We refer to Connecticut Mutual Life's use of the term "advanced sales" to designate the field of business insurance, employee benefits, estate planning, tax sales and the like, which for some reason has come to be called "advanced underwriting," even though it has nothing whatever to do with electrocardiograms, x-rays or blood-sugar tests.

Apparently some years ago somebody applied the term to advanced types of life insurance selling and the designation has stuck, more or less by default. Probably nobody in the business who is sophisticated enough to be even a marginal agent would ever

be confused by the term "advanced underwriting" but members of the general public can hardly help being confused by it, if they understand "underwriting" to involve the evaluation of an insurance risk or its actual acceptance on the insurer's behalf.

Considering that many laymen are already confused by a dividend that is not a dividend when it is a life insurance dividend, it seems wise to avoid confusing the public more than is strictly necessary—and it is not strictly necessary to use "advanced underwriting" for an activity that involves no underwriting in either the risk-evaluation or risk-acceptance sense. The designation "advanced sales" or "advanced selling" accurately describes the activities generally encompassed by the term "advanced underwriting" and has the advantage of clearly communicating what the user intended to communicate. —R.B.M.

It Isn't In The Cards

The New York department is making fine response to Gov. Rockefeller's call for economies in all branches of his administration but it wasn't doing so badly before as a garbled version of the governor's talk would have New Yorkers believe.

Two leading New York City papers gave their readers to understand that the insurance department had effected a saving of \$500 a year by eliminating calling cards for deputy insurance superintendents. In accepting this figure, the papers either vastly overestimated the number of deputies or the average number of calls they make where the formality of sending in one's card is demanded.

Actually there are only five deputies, so obviously it would be necessary for each one to spend his full time, and probably considerable overtime, doing nothing but making the briefest possible calls if he were to use up \$100 worth of calling cards a year. The finest available parchment-finish card printed by the most expensive method from a steel engraving would cost no more than \$30 for enough cards to take care of all the calls that the typical deputy superintendent would make during his entire probable tenure. After all, how many calls does a deputy make and how often is it necessary for him to do more than mention his name in order to be admitted?

But let no one think the previous administration was squandering a needless \$70 per deputy in addition to buying the toniest visiting cards available. The explanation is that the governor's reference to the \$500 saving, which was an aside in a talk dealing with the growth of the suburbs, was incompletely reported, according to administration sources.

The \$500 saving was not just on calling cards but also on stationery for the five deputies, the saving being

in using regular insurance department stationery for everybody and not imprinting each deputy's stationery with his name and title. Moreover, the \$500 saving was not an annual item, since the stationery and business-card orders were for more than a single year's supply.

And finally, the deputies are not being deprived of calling cards at all. They won't get the copper or steel engraving kind any more but they'll have perfectly respectable cards. Perhaps each card should carry a line in small but legible type: "Economy cards save taxpayers money." That ought to take the wind out of the sails of those snobs who surreptitiously run their thumbs across visiting cards to detect the genuine intaglio feel. —R.B.M.

Personals

Arthur S. Mitchell, general agent of Minnesota Mutual at Brookings, S.D., has been named officer of the year by the South Dakota department of Reserve Officers Assn.

William E. Walsh, vice-president of Equitable Society, has been appointed a member of the New York City USO Committee.

William B. Mintzer, general agent of Security Mutual of New York at New York, has been elected a director of Central Industrial Bank, Brooklyn.

M. S. Niehaus, president of Gulf Life, has been appointed by Florida's Gov. Leroy Collins as a member of the state board of administration's investment advisory committee, an advisory group on the investment of state funds. Mr. Niehaus fills the vacancy on the committee created by the sudden death in May of Oliver M. Whipple, former financial vice-president of Gulf Life.

Deaths

ALBERT E. THYSELIUS, vice-president of Hooper-Holmes bureau, died at his home in Madison, N. J. Mr. Thyselius, grandson of Carl J. Thyselius, former prime minister of Sweden, joined Hooper-Holmes in 1922, and two years later became manager at Newark. In 1924 he was transferred to the executive office, became assistant vice-president and in 1951 vice-president.

Stocks

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. La Salle St., Chicago, July 14, 1959

	Bid	Asked
	\$	\$
Aetna Life	235	245
Beneficial Standard	14 1/2	15 3/4
Business Men's Assurance	39 3/4	41 1/2
Cal.-Western States	112	120
Commonwealth Life	23 1/2	25 1/4
Connecticut General	350	358
Continental Assurance	163	171
Franklin Life	79 3/4	83
Great Southern Life	83 1/2	89 3/4
Gulf Life	24 1/4	27
Jefferson Standard	85 1/2	89 1/4
Kansas City Life	1465	1510
Liberty National Life	45 1/4	47 1/2
Life & Casualty	22 3/4	24 1/4
Life of Virginia	54 1/2	57 1/4
Lincoln National Life	222	231
National L.A.	110 1/2	114 3/4
North American, Ill.	16 1/4	18
Nw. National Life	93	102
Ohio State Life	265	300
Old Line Life	61 1/4	—
Republic National Life	67 1/2	71 3/4
Southland Life	94	102
Southwestern Life	138	148 1/2
Travelers	90 1/2	94
United, Ill.	42 1/2	44 3/4
U. S. Life	47	49 1/2
Washington National	59 3/4	63 1/2
Wisconsin National Life	46 1/2	50

Conventions

July 23-25, National Assn. of Life Companies, Inc., annual, Castle in the Clouds, Chattanooga, Ga.

Aug. 31-Sept. 2, International Federation of Commercial Travelers Insurance Organizations, annual, Broadmoor Hotel, Colorado Springs.

Sept. 1-4, National Insurance Assn., annual, Sherman Hotel, Chicago.

Sept. 11-12, Southwest Management Conference, Statler Hotel, Dallas.

Sept. 20-23, National Fraternal Congress of America, annual Sheraton Hotel, Philadelphia.

Sept. 20-25, National Assn. of Life Underwriters, annual, Bellevue-Stratford Hotel, Philadelphia.

Sept. 21, Fraternal Actuarial Assn., annual, Sheraton Hotel, Philadelphia.

Sept. 27-30, International Claim Assn., annual, Americana Hotel, Miami Beach.

Sept. 28-30, Life Office Management Assn., annual, Edgewater Beach Hotel, Chicago.

Oct. 12-13, Conference of Actuaries in Public Practice, annual, Drake Hotel, Chicago.

Oct. 12-16, American Life Convention, annual, Edgewater Beach Hotel, Chicago.

Oct. 26-28, Life Advertisers Assn., annual, Drake Hotel, Chicago.

Oct. 28-30, Institute of Home Office Underwriters, annual, Statler Hotel, St. Louis.

Oct. 29-31, Mid-West Management Conference, annual, French Lick Springs Hotel, French Lick, Ind.

Nov. 9-11, Society of Actuaries, annual, Greenbrier, White Sulphur Springs, W. Va.

Nov. 9-13, LIAMA, annual, Queen Elizabeth Hotel, Montreal.

Nov. 16-18, Health Insurance Assn., individual insurance forum, Biltmore Hotel, New York.

Dec. 8, Institute of Life Insurance, annual, Waldorf-Astoria Hotel, New York.

Dec. 9-10, Life Insurance Assn. of America, annual, Waldorf-Astoria, New York.

Dec. 27-30, American Assn. of University Teachers of Insurance, annual, Washington, D. C.

Southland Life has been licensed in California.

The NATIONAL UNDERWRITER



The National
Weekly Newspaper of
Life Insurance

EDITORIAL OFFICE

17 John St., New York 38, N. Y.
Tel. BEekman 3-3958 TWX NY 1-360
Executive Editor: Robert B. Mitchell.
Assistant Editor: William Macfarlane.

CHICAGO EDITORIAL OFFICE

175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 4-1000

Associate Editor: John C. Burridge.
Assistant Editors: Richard G. Ebel,
William H. Faltyssek and R. R. Cuscaden.
Editorial Assistants: Marjorie Freed
(production) and Barbara Swisher.

ADVERTISING OFFICE

175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 4-1000
Advertising Manager: Raymond J. O'Brien

SUBSCRIPTION OFFICE

420 E. Fourth St., Cincinnati 2, Ohio.
Telephone Parkway 1-2140.

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ATLANTA 3, GA.—333 Candler Bldg., Tel. Murray 8-7177. Fred Baker, Southeastern Manager.

BOSTON 10, MASS.—80 Federal St., Rm. 342, Tel. Liberty 2-9229. Roy H. Lang, Southern New England Manager and Dan L. Davis, Northern New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. A. J. Wheeler, Chicago Manager. R. J. Wiegand and William D. O'Connell, Resident Managers.

CINCINNATI 2, OHIO—420 E. Fourth St., Tel. Parkway 1-2140. Chas. P. Woods, Sales Director. George C. Roeding, Associate Manager. Roy Rosenquist, Statistician.

CLEVELAND 14, OHIO—1367 E. 6th St., Lincoln Bldg., Rm. 208, CH 1-3396. Paul Blesi, Resident Manager.

DALLAS 1, TEXAS—328 Interurban Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DENVER 2, COLO.—234 Commonwealth Bldg., Tel. Amherst 6-2725. J. Robert Ehardt, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Exchange Bldg., Tel. Atlantic 2-5968. David Chapman, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rust St., Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgenuth, Resident Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. Robert L. McMullen, Pacific Coast Manager.

CHANGE OF ADDRESS

Be sure to enclose mailing wrapper and form 3579 with new address. Allow three weeks for completion of the change. Send to subscription office, 420 E. Fourth St., Cincinnati 2, Ohio.

Commission To Study Md. Insurance Laws

Gov. Tawes of Maryland has appointed a commission to study the state's insurance laws and recommend possible revision. Joseph D. Tydings, a delegate and son of former Sen. Tydings, is chairman. Other members, all of Baltimore unless otherwise indicated, are:

John C. North of Easton, chairman of the senate insurance committee, and E. J. McNeal, chairman of the house insurance committee; Charles Culver, agent and member of legislature; William Goodman, public adjuster; Carle A. Jackson of the Riall Jackson Co. agency; James R. Leizure, president of Allied Adjusters; Alexander Lempert, manager of Liberty Mutual; Denton S. Lowe, formerly with the state insurance department 40 years, now retired; Charles Markell Jr., attorney; Norman P. Ramsey, attorney; and E. Stuart Windsor, executive vice-president of the Riggs-Warfield-Roloson agency and conference chairman of Eastern Agents Conference.

Mental Attitude Stressed By San Antonio Speaker

A good mental attitude is the result of properly understanding the problems of people, Elzie H. Jenkins, Dallas manager of California-Western States Life, stated at the July meeting of San Antonio Assn. of Life Underwriters.

In a talk devoted to mental attitudes and their importance to the agent, Mr. Jenkins quoted a study which showed that 34% of a man's ability is wasted by negative thinking. "Negative action is motivated by the intangibles—gossip, indifference, temper and criticism," he said.

Two things control mental thinking, faith and fear. Faith will get the job done as fear will not. Strength derives from faith in the unseen. Strong convictions precede great actions.

Production can be increased some 30% by overcoming fear, Mr. Jenkins said.

To Open New Home In Aug.

Interstate Life will formally open its new home office at Houston in late August. The two-story structure and parking lot was purchased from Trunkline Gas Co. for \$750,000. The company will use 6,000 of the 31,000 square feet of floor space and will lease the rest of it. Interstate plans to add another story to the building within two years.

CLU Seminar Program At NALU Annual Is Set

The program for American Society of CLU's national seminar, Sept. 21, during the annual convention of NALU in Philadelphia has been completed.

Karl R. Bopp, president of the Federal Reserve Bank of Philadelphia, will lead off in the morning with a talk titled "The New Quest for Security," which will deal with methods that individuals may employ to counteract the shrinking dollar. He will discuss the question whether inflation is inevitable, and the place of stocks, bonds and life insurance in an uncertain economic picture.

Other speakers on the morning program will be Dr. S. S. Huebner, president emeritus of American College; Herbert Graebner, dean of the college, and Benjamin N. Woodson, president of American General Life.

Following the CLU luncheon, Charles B. McCaffrey, lecturer at the Wharton school of finance and commerce of the University of Pennsylvania, will discuss practical uses of life insurance in modern business. Mr. McCaffrey's address will cover such subjects as key-man indemnity at minimum cost cooperative premium deposits, business interest buy-outs, and estate liquidity through the close corporation.

Title of Mr. Woodson's speech is "Meeting Our Responsibilities to the Public."

The seminar will be conducted jointly by American College and American Society of CLU under the chairmanship of Paul A. Norton, vice-president of New York Life, who is chairman of the joint committee on continuing education for the two organizations.

Indianapolis Agents Elect Englehart President

Richard H. Englehart, Equitable Society, has been elected president of Indianapolis Assn. of Life Underwriters. Evan S. Stuart, Mutual Benefit Life, is the new 1st vice-president; Doyle Wilcox, Prudential, 2nd vice-president; W. D. Hoover, Northwestern National Life, treasurer, and G. William Eppley, Prudential, secretary.

Dominion Life Revises Some Rates

Dominion Life of Canada has revised its U.S. immediate annuity rates. Plans issued are no term certain, 10, 15 and 20 years certain, installment refund and cash refund. The company also issues immediate annuities certain for periods of from 5 to 45 years.



Increasingly Important

The importance of the training required to earn the designation of Chartered Life Underwriter—symbolized by this key—is very definitely growing year by year. One indication of this is the growth in paid memberships in the American Society—from 2,264 in 1950 to 4,718 at the close of the 1957-58 year.

There are many other indications of the increasing importance of the degree: various measurements of what happens to those who become C.L.U.s, the growing number of candidates who pass examinations, the ever-larger group of individuals who are studying to prepare for the C.L.U. examinations, etc.

Doesn't the increasing importance of this professional designation suggest to you that it would be worth your while to explore what C.L.U. study might do for you? You can get more information about C.L.U. activity in your community through your local life underwriters association.

BANKERS Life COMPANY
DES MOINES, IOWA

Standard GROUP PLANS are easier to sell!

PREMIUM RATES traditionally low, were reduced for most coverages effective May 1, 1959
COMMISSION RATES were increased May 1, 1959

LIFE INSURANCE

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 - Unions
 - Creditor
 - Group Term and Paid-Up

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of General Agents

are you
ready
to join
them?



Old Republic
Life Insurance Company

307 North Michigan Avenue, Chicago 1, Illinois

Conduct Many Discussions At Society Of Actuaries' Regional

(CONTINUED FROM PAGE 5)

extend non-medical privileges to as many agents as possible. Mr. Lake reported his company had to increase fees in Canada and thought that the pressure there may have been greater than in the U. S.

In discussing the mortality experience under recently expanded non-medical limits, Mr. Fisher mentioned a number of factors which must be

considered in making a valid comparison between medical and non-medical business.

H. J. Brownlee, Prudential, noted the marked change in accident death rates of the current study in comparison with the 1926-33 study. A significant item was a shift in a maximum point on the death rate curve from age 14 to age 19. Miss J. C. McKibbin,

London Life, attributed motor vehicle and aircraft accidents as influencing the changing pattern of death rates and noted the substantial variance among companies. She pointed out possible variations between American and Canadian experience, particularly on female lives. Marcus Gunn, California-Western States, felt that, while it may be premature to draw final conclu-

sions, it appears that companies may use a higher termination age and lower premium rates for the double indemnity benefit.

H. E. Crandall reported that Occidental Life will switch to the new mortality table in 1961 because of deficiency reserve problems and because a new rate book is due at that time. He believes that new premium rates, particularly term rates, will more likely increase than decrease, and that Occidental will use the 100% extended term table.

G. H. Davis, Life Ins. Assn., in reviewing progress of legislation in the different states concerning the 1958 CSO table, said bills have been passed in 17 states and are pending in a number of others. It appears that new laws will be enacted in probably more than half of the states in 1959.

A. N. Guertin, American Life Convention, stated that a committee has been formed to investigate the desirability of other revisions of the model laws, such as with respect to double indemnity and disability requirements. Mr. Guertin reported the current progress of the committee formed to produce tables of values based on the 1958 table.

Will Introduce New Rate Book

H. J. Thompson said Monarch Life of Canada will introduce a new rate book, based on the new table, shortly. The company found that the expense of computing new functions and values, for its purpose, was not great.

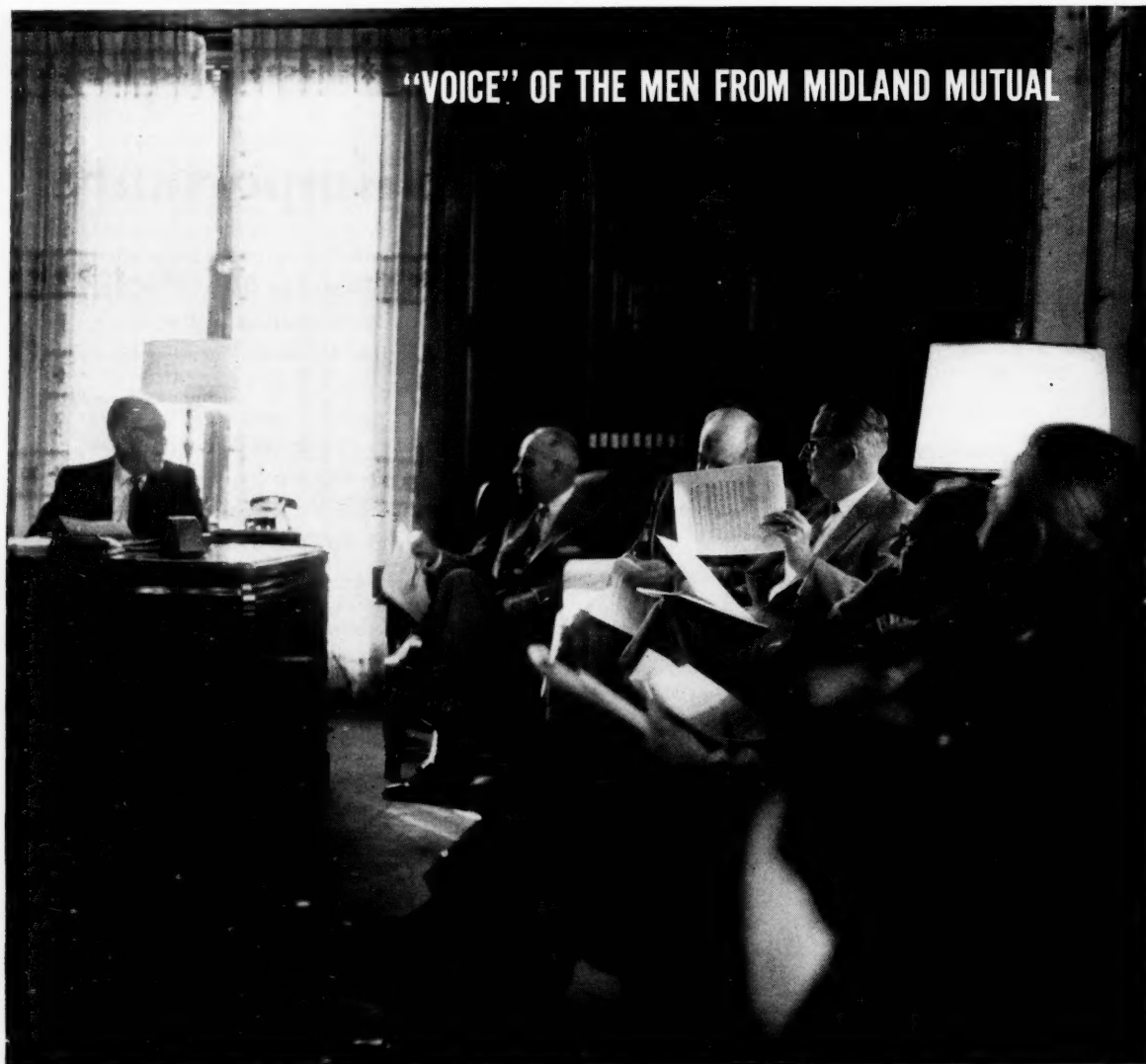
The session on individual A&S was conducted by B. J. Helphand, Pacific Mutual. He and C. N. Walker, Lincoln National, gave some figures from their companies' experience on the cost of issuing and administering these policies. E. H. Minor, Metropolitan, pointed out it was frequently easier to think of claim expense as a percentage of claims than as a percentage of premium. Mr. Walker agreed with this for expense control purposes, but said when calculating premiums it was usually more convenient to use claim expense as a percent of premium.

Mr. Helphand added that the lower claim expense rates are experienced by companies whose business is concentrated in restricted geographical areas. He said most claims are paid from the home office with assistance from field investigators, although there is considerable variation among the different companies. P. F. Finnegan, said Prudential claims on hospital and surgical policies are paid from the home office for the first two years and from field offices thereafter.

Favors Use Of Special Policies

Discussing the problem of different hospital-surgical costs levels in different parts of the country, Mr. Finnegan favored the use of special policies for use in particular areas where an acute problem existed. W. D. Bishop, Pacific Mutual, said his company offers its individual comprehensive hospital and medical expense policy on two plans, one designed for California, where cost patterns are substantially different from other parts of the country, and one for elsewhere. A. L. Buckman, Beneficial Standard Life, pointed out that one Beneficial Standard policy had had good claim experience in several parts of the country but poor experience when extended to another area.

In the discussion of persistency, Morris Pike, John Hancock, said a number of factors affected persistency of A&S policies which are not present in life policies. Among them are the



"VOICE" OF THE MEN FROM MIDLAND MUTUAL

Field committee plays key role in top-level planning

To paraphrase an old saying—"Everyone talks about the field's point of view, but no one does anything about it."

At the Midland Mutual, something is done about it. Twice a year, company management meets with the Executive Committee of the General Agents Association for consultation on programs, problems and planning. These are "shirt-sleeve" sessions at which field thinking on major matters is thoroughly reviewed.

The Executive Committee provides an articulate "voice" for the entire agency force . . . a direct means of communication with Company officers. It's "business democracy" in action, working for the benefit of all.

If this philosophy of operation appeals to you, get in touch with Charles E. Sherer, C.L.U., Vice President, Director of Agencies. Midland Mutual offers many opportunities for qualified men under its exclusive FOUNDATION BUILDER program for new general agents.



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256 East Broad St., Columbus 16, Ohio

Midland Mutual has immediate agency openings in Florida, Illinois, Indiana, Iowa, Kentucky, Maryland, Tennessee and Virginia. Opportunities also available in other states. Write Company for full information.

DISCOVER the DIFFERENCE



Leonardo da Vinci's 14th century paintings and inventions were far ahead of the times.

Security Benefit Life has never painted a portrait, but it has painted a much brighter future for hundreds of alert life representatives through the employment of "Individualized Medical Underwriting." IMU is a flexible underwriting program designed to meet the ever-changing needs and demands of a discriminating public.

Why not "Discover The Difference" in your earnings by joining a company that is *ahead of the times* in service, Home Office cooperation, and liberal underwriting procedures?

Licensed in most states, Security Benefit is a sound, established, highly rated company, offering its representatives up-to-date policies, efficient Home Office cooperation, plus tested sales aids. We feel we are the Company with the DIFFERENCE—here's just a few reasons why:

- Top first year and renewal commissions for General Agents (Liberal vesting provisions)
- Exclusive substandard facilities for you and your brokers
- Lifetime Service Fee
- Disability income when sick or disabled
- Liberal retirement plan
- Office allowances

♦ CAREER OPPORTUNITY ♦

If you're like many alert life underwriters, you have been searching for the company which can help you make life insurance a career instead of a job without a definite future. At the present time we have many excellent opportunities available for men whose experience and ability qualify them for personal producing general agent responsibilities. If you feel that you can fulfill this challenging and rewarding opportunity, contact us today!

MARC F. GOODRICH, CLU
Assistant Director
of Agencies
Dept. 43

SECURITY BENEFIT LIFE
INSURANCE COMPANY Topeka, Kansas

availability of other policy forms, nature of the competition, attitudes toward claims and the pattern of agency operations of the particular company.

Fred De Bartolo, American United Life, W. I. Wells, State Mutual, and C. F. B. Richardson, Mutual of New York, presented persistency figures based on experience of their companies. Mr. Buckman said his company had had particularly good experience on policies issued over age 60. Mr. Minor presented figures which indicated that persistency is higher on family policies than on those issued to individuals, and higher on white collar workers than on blue collar workers.

Mr. Brownlee opened the discussion of active life reserves by stating that reserves should always be considered when a level premium is charged for an increasing risk. Mr. Minor agreed and said Metropolitan has held 10 year preliminary term reserves on its cancellable loss-of-time policies. Mr. Walker said Lincoln National has used 5 year preliminary term reserves on some commercial policies.

Analyze Experience

On coverage at older ages, Mr. Walker said, Lincoln National is analyzing the morbidity experience of policies guaranteed renewable for life which were first issued in 1957. Although the study is not complete, experience appears favorable. Mr. Minor said Metropolitan has had satisfactory experience on its senior hospital and surgical coverage due to careful medical selection. He felt that a successful guaranteed renewable policy must have definite limits on benefit amounts at the higher ages to avoid either excessively conservative initial premium levels or a high probability of later premium revision.

M. H. Farrant of Coates, Herfurth & England, presided over a session on recent developments in the employee benefits field. M. L. Grover, Johnson & Higgins, reviewed the tax status both as to the employer and employee of premiums paid under several different methods of financing benefits for retired employees. R. D. Baldwin, Sun Life, A. A. Groth of A. S. Hanson and Mr. Farrant provided additional comments on the tax status in Canada and the U. S. of premiums for these benefits.

Advantages of a combination of single premium group life and decreasing group term were outlined by P. H. Jackson, Aetna Life, while Vincent Grainger, Prudential, suggested that conversions to individual policies represented a sound method for continuing either life or medical expense insurance after retirement.

Difficult To Predict Costs

W. D. Smith of Milliman & Robertson referred to the difficulty of predicting medical care costs and suggested that equity investments might be used to advantage in pre-funding these costs. D. G. Goddard, Marsh & McLennan, suggested that pensions could be increased by an amount sufficient to pay premiums for post-retirement insurance.

E. H. Neuschwander, Fireman's Fund, suggested that a small paid-up life benefit plus a joint-and-survivor annuity option for the employee's wife constituted adequate post-retirement life insurance. J. K. Dyer Jr. of Towers, Perrin, Forster & Crosby opined the cost of post-retirement benefits would be better understood if expressed as a percentage of pension costs.

Miss J. W. Beers, Occidental Life, and Mr. Grainger, Prudential, dis-

memo to home
office executives

The Substandard Risk—Hidden Profit Opportunity?

Many life companies seem to shy away from substandard risks. Yet these risks can prove profitable, if they can be safely covered. And they are most likely to become valuable "good will ambassadors" for the company that insures them.

Because North American is in life reinsurance exclusively, we are constantly exposed to impaired risks in large numbers and wide degree. This fact has produced experience in substandard risk underwriting which can prove invaluable to the life company with a borderline case on its hands. North American's position in evaluating substandard business is this strong—
we will reinsure cases rated up to 500% on an automatic basis and cases rated up to 1000% on a facultative basis.

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ESTABLISHED 1954

cussed some of the objectives and problems in constructing a group insurance dividend formula. William Cunningham, Pacific Mutual, cautioned that group life mortality tables are based on mortality of employed lives and therefore do not represent retired life mortality. On major medical, Mr. Cunningham indicated his belief that inside limits, including a reasonable schedule of surgical benefits, were essential to adequate claims cost control. Alexander Marshall, Occidental Life, said major medical claims costs after age 65 were several

times greater than at the younger ages.

W. A. Halvorson, Milliman & Robertson, expected that comprehensive plans would continue to grow, but recognized the need for more adequate premium rates and more clearly defined benefits, while G. N. Watson, Crown Life, recommended that the policy exclude payment for charges greater than those scheduled unless the claimant could submit proof that the charges were not unreasonable. Mr. Dyer saw a threat of self-insurance by large employers in the major medical field despite the high loss ra-

tios currently being experienced.

Disability benefits under pension plans were discussed by W. L. Reynolds, Prudential, and J. L. Hoffart, Occidental Life. Increased interest in these benefits is expected as a result of the addition of disability benefits to the OASI program.

Points Out Cost Advantages

On funding of deferred profit-sharing plans through insurance, B. H. Hazlehurst, Pacific Mutual, pointed out the cost advantages of the group insurance approach as opposed to the

individual policy pension trust. Graduated premiums for ordinary policies have increased this advantage, as the average pension trust policy, especially when issued after the original effective date of the trust, is quite small.

B. N. Coates Jr. of Coates, Herfurth & England, discussed the objectives and advantages of final salary pension plans, and presented a method for overcoming the lack of employer cost control inherent in such plans. W. R. Marples, Milliman & Robertson, stated that a method which controlled the cost of a final salary plan through inside limits must necessarily impair the usefulness of the plan. J. A. Attwood, Hewitt Associates, said many of the advantages claimed for a final salary plan could be achieved with a career average plan by establishing a minimum pension.

Studies Causes Of Increased Costs

The panel on cost of medical care looked into causes of increased costs and what can be done to keep costs under control. Mr. Tookey was the moderator. Dr. Donald C. Harrington, president of San Joaquin Medical Foundation, described the work of the medical foundation in attempting to provide adequate medical care at a reasonable cost. Joseph L. Zern, administrator St. Luke's Hospital, San Francisco, predicted that hospital costs will continue to rise at the rate of 5% a year in spite of all efforts of the hospitals to stop this trend. Mr. Wain discussed the group insurance actuary's problems with rising medical costs. Mr. Walker elaborated on the problems when medical care costs are insured by individual policies.

R. G. Stagg, Lincoln National, reported that a recent survey by a committee of Society of Actuaries disclosed a current shortage of 200 to 500 fellows. It was predicted that this shortage would more than double during the next 10 years. Mr. Brownlee said the problem was to lure more able people to take the actuarial examinations and that this job could be done only by actuaries themselves. G. B. Crofts, Occidental College, and Mr. Sarason said the actual shortage of actuaries would be greater than predicted, since a greater need would develop. A. K. Archer, Great-West, felt that efforts to increase the public knowledge of the actuarial profession had not been effective and that a well conceived simple story defining the actuary and the opportunities was needed. Attempts should be made to stimulate interest at an earlier age than is presently true.

Nesbitt Gives Estimate

C. J. Nesbitt, University of Michigan, estimated that there were 100 professors whose primary interest was actuarial. J. H. Bell, Manufacturers Life, said to correct the problem created by shifting actuaries to jobs not requiring a full actuarial training, his company had introduced a two year course on actuarial fundamentals for executives. Other speakers on this topic were Mr. Estes and Alexander Marshall, Occidental Life.

J. F. Hook, Standard of Oregon.

WE'RE WOONG THE WOMEN'S MARKET

Perhaps we should say we're **WOWING** the ladies with brand new, realistic insurance coverage designed to keep pace with the increasing importance women play in our business economy. Working women have begun to realize the facts. More of them are interested in providing themselves with adequate coverage. Many have been deterred by high premium costs.

For years the life insurance industry has recognized that the mortality on women was much more favorable than for men, but no one has done a thing about it... *until now!*

Security Mutual's new 1600 series has changed all that. Here's a group of policies that recognizes the need... coverages that fit requirements perfectly... insurance that our average working women can afford... and will want!

That's why we say, "We're wooing the women's market." We've *done* something about it. For example, in Security Mutual's new series of life insurance plans, we calculate premium rates for women *3 years younger than actual age!* And *that* means business.

Security Mutual coverage is what you'll need to win your share of it.

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Service Guide

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said the adoption of graded premiums by his company had resulted in a modest shift to higher priced plans and a modest increase in policy size. C. B. Penrose, Pacific Mutual, mentioned that the present introduction of graded premium policies by his company had not produced any perceptible change in the trend toward lower priced plans and higher coverage size policies. His company makes no attempt to vary dividends by size on non-graded business.

Bingham Presides At Forum

The forum on problems faced by smaller companies was presided over by G. R. Bingham, Northern Life. In considering the advantages of the entry of a small company into the group insurance field, R. J. Martin, West Coast Life, pointed out the need for confining early activity to the home office area, and the importance of maintaining balance between sales and underwriting. B. R. Whiteley, Standard of Oregon, said group insurance provides the agent with a broader portfolio of products which results in more commission dollars. Although only in the group insurance field for a relatively short time, over 40% of his company's agents received commissions on group insurance during the past year.

F. M. Hope, Occidental Life, discussed the problems of a small company offering guaranteed insurability. He declared that it is a mistake for a small company to make guaranteed insurability too large a proportion of its business, and it should seek reinsurance if it is getting a large amount of new business on this plan. H. J. Thompson stated that antiselection must be offset by getting a sufficient volume sold rather than bought. His company is stressing the sale of guaranteed insurability in juvenile sales. Mr. Nordquist pointed out the difficulties in calculating substantial premiums on family policies because of the number of lives involved. He said his company found the cost of obtaining information on various members

presented an obstacle in underwriting. R. E. Edwards, Baltimore Life, stressed the high cost of making numerous changes during the life of family policies.

G. P. Streatfield, Beneficial Standard, mentioned the need for making mortality and persistency studies in smaller companies. Mr. Estes reviewed some of the mortality investigations made during the past several years by his company. The desirability of holding a smaller company forum in connection with a regional actuarial club meeting evoked considerable comment. Mr. Buckman felt that the answer depended upon the nature of the club and recommended that a combination of informal unreported club meetings and recorded forums had certain advantages. Charles Connolly, Southwestern Life, described the Actuaries Club of the Southwest's procedures of formal papers and unreported discussions. The difficulty in getting lead-off speakers prompted Mr. Nordquist to favor merged sessions. Separate sessions enable actuaries to attend only the smaller company forum if that is their chief interest, Mr. Martin remarked. Mr. Hoskins raised a question as to the group's preferences and the consensus favored reporting the smaller company forum's proceedings in the transactions of the society, and continuance of a separate forum.

Discusses Annualized Commissions

The advantages of annualized commissions in financing new agents and reducing expenses on installment premiums were cited by Mr. Cannon. Gulf Life's practice of annualizing commissions on ordinary insurance and putting them into a reserve account from which 5% was paid out each week was described by J. W. Clarke. A continuing study of each agency's record as to lapses, policy plans and average size, and expense rate was recommended by H. J. Thompson. R. P. Walker said Wisconsin National produces a monthly report for each agent and each agency

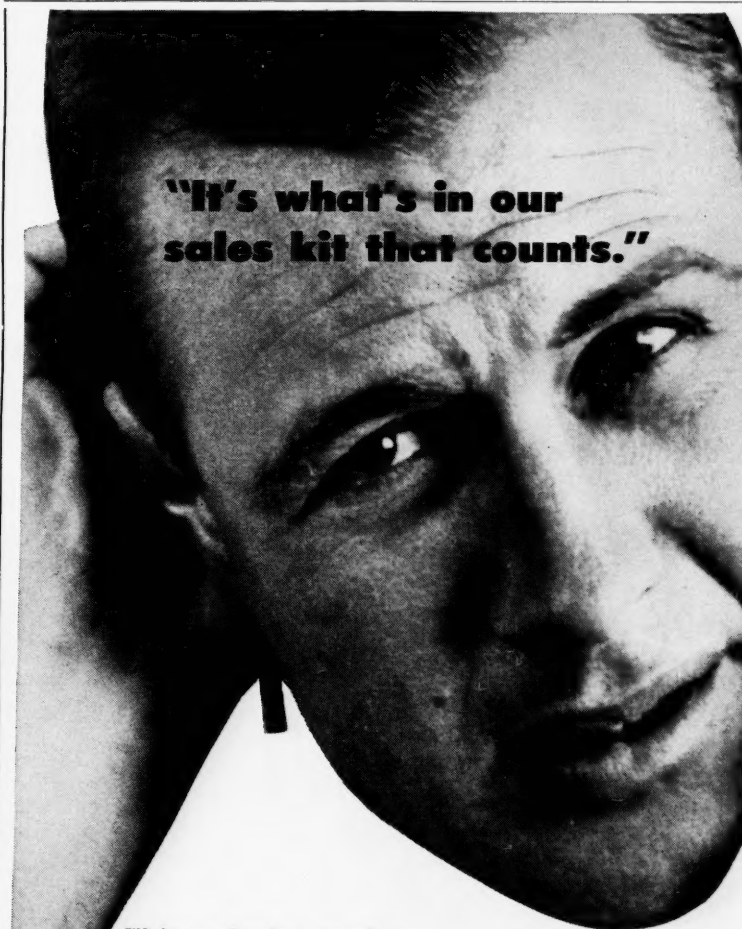
of business issued, policies lapsed, and commissions earned in order to study performance.

Mr. Clarke reported that Gulf Life had installed a consolidated functions system using an IBM 650 machine and on ordinary insurance the machine had paid for its portion of the total cost of installation in the first six months. Mr. Connolly remarked that some smaller Texas companies were using the 305 RAMAC successfully, because of its large memory unit and lower rental cost. The Henry J. Kaiser company uses an IBM 650 on its pen-

sion and profit-sharing plans, group insurance operations, and various payroll and accounting items, D. S. Anderegge reported. Mr. Sarason pointed out the advisability of studying individual case histories instead of elaborate statistical analyses in some instances.

Kalamazoo CLUs Pick Emerson

Kalamazoo chapter of CLU has elected Ralph W. Emerson president. Also elected are J. Matt Chandler, vice-president, and Charles B. Wylie, secretary-treasurer.



"It's what's in our sales kit that counts."

We're referring to the personal insurance coverages that we write — including all forms of life insurance, retirement income, annuities, endowments, non-can sickness and accident, hospitalization, major medical as well as all the popular types of group insurance. These policies, together with proven point of sale material, provide our field men with a powerful, complete sales kit that enables them to offer their prospects and clients the proper coverage at a competitive premium . . .

Another reason why our field men are happy, successful members of their community — a credit both to themselves and to the name of Union Mutual.



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300 At Union Mutual Sales Conference

(CONTINUED FROM PAGE 8)

tempted until an agent already has experienced some measure of success in business, and it should never take up so much time as to interfere with other aspects of self-development, Mr. Coffin said.

Era Of Change

Mr. Huey, in his speech, "Opportunity to Serve," assayed the industry's prospects for the future, saying, "We all realize that we are in an era

of great change in the distribution of life insurance, and we naturally are concerned about what the business will be like in 10 years. The market for ordinary, according to LIAMA economists, looks promising.

"Analyzing ordinary sales since 1929, we find a steady expansion—\$30 billion sold in 1955, \$35 billion in 1956 and \$45 billion in 1957. Projecting this curve on a conservative basis, we see a 100% increase in the market in

the next 10 years."

During the conference, Rolland E. Irish, Union Mutual president, was honored with a reception for his 25th anniversary with the company, at which he and Mrs. Irish were presented with an engraved punch bowl and 24 cups, each engraved with the name of winners in the spring sales campaign. Leading individual producer in the campaign was Richard Waddington, district manager at New Brunswick, N. J., who presented a punch ladle in his own name. The matching tray was given by the

Boston group office, which led group sales effort.

Honors also went to leading producers, members of the President's Club, to which the following officers were elected: Frank C. Carbrey, Denver, president; Andrew P. Lee, New York, vice-president, and Charles L. Burwell, Portland, Me., secretary-treasurer. The executive committee made up of club officers plus Fast, Newark; Aarol W. Irish, San Francisco; Nathan Metzger, Richmond, Va.; and J. Denda, and home office, Fred Jordan.

Also honored were members of the Boston agency, managed by James Voss, which won the president's scroll. Other scroll honor agencies and their managers were Bangor, Russell Peavey; downtown New York, Armin Siegel; midtown New York, Michael J. Denda, and home office, Fred Jordan.

Recognition was also given to John D. Curtin and Dale M. Foster of the Los Angeles group office, which won the group plaque as 1958 sales leader. Robert C. Russ, vice-president in charge of group sales made the presentation.

Knights Of Columbus General Agents Meet

Protection for the entire family and retirement income for husband and wife were the themes of the meeting of general agents of Knights of Columbus at Chicago. The gathering was attended by 88 general agents and many of their wives. Supreme Knight Luke E. Hart presented merit awards and outlined expansion plans for the fraternal's insurance program. A seminar for metropolitan agents and another for rural agents were held.

S. C. Department Change

Commissioner Kelly of South Carolina has appointed James C. Gay chief examiner. He has been an examiner for 10 years and his previous post was senior examiner. He succeeds James Parrish, who becomes department actuary.

Attend Northeastern Group Class

Some 40 general agents and agents of Northeastern Life have attended group insurance class at the Columbia University Club in New York. During the class, emphasis was placed on new small business group plan for 1 to 24 employees recently introduced by Northeastern with life coverage and hospital, surgical and medical coverage.

C.&I. Life Reports 1st Half Gains

C. & I. Life of Houston has reported a 35% increase in paid-for business for the first six months of 1959, while lapses and surrenders decreased 21%. Insurance in force rose 166%. The company has added non-cancellable and guaranteed renewable A & S and major medical to its portfolio.

Intercoast Mutual Life of Sacramento has been licensed in Oregon.

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Go up with American United!

American United is growing fast. All its men on the way up... are up. This company encourages individual growth.

Which spot you fill—personal producer (earn while you learn), unit manager or agency manager—is up to you. At American United, management helps you determine your own objectives... decide what you want to be. Then we help you get there... as soon as you can. We call that the "Partnership Philosophy."

But get the story firsthand—from the vice president and manager of agencies, Pete Leland. He'll be glad to hear from you.

American United operates in thirty-three states throughout the United States. New offices are being opened every month. Your opportunity?



AMERICAN UNITED LIFE INSURANCE COMPANY • HOME OFFICE: INDIANAPOLIS, INDIANA
ALL ORDINARY LIFE FORMS-FLEXIBLE OPTIONS-LOW NET COST SPECIALS-UNIQUE JUVENILE-GROUP INSURANCE-GROUP RETIREMENT-PENSION TRUSTS-NON-CANCELABLE
DISABILITY-GUARANTEED RENEWABLE MAJOR MEDICAL-GUARANTEED RENEWABLE HOSPITAL & SURGICAL-SPECIALISTS IN SUBSTANDARD UNDERWRITING & REINSURANCE

Hotz Appointed Senior Consultant In LIAMA's Company Relations Unit

Howard W. Hotz, district manager at South Orange, N.J., for Prudential since last August, has joined LIAMA as a senior consultant in company relations.

Mr. Hotz entered the life insurance business as a Prudential agent at Regina, Sask., Can., where he became assistant manager in 1946. When Prudential's regional head office opened in Toronto in 1950, he was named training consultant. In the same year, he earned his Canadian CLU designation.

Two years later he was appointed senior training consultant for Canada in charge of A&S training, when Prudential entered that field. In 1954 he became manager of A&S sales and service for Canada.

In 1956, when Prudential entered the small group market, Mr. Hotz was placed in charge of group field training in Canada, in addition to A&S. The following year he was transferred to the corporate field training division where he became the Newark home office as senior training specialist.

Over the years, Mr. Hotz has been active in agent association activities and has held offices in the Regina and Toronto Life Underwriters Assn.

Texas Home Office Life Underwriters Elect Payne

J. Wade Payne, Praetorian Mutual Life, was elected president of Texas Home Office Life Underwriters Assn. at the organization's annual meeting near Grapevine.

Vice-presidents are Dave Soelter, Mercantile Security Life; Truman Ragsdale, Great National Life; and Budd L. Wolfe, Texas Life. Miss Martha Blackwell of Southland Life was elected secretary-treasurer.

Wis. Senate Passes Bill To Regulate Blue Cross

The Wisconsin senate by a vote of 70 to 8 passed the bill to require Blue Cross and Blue Shield plans in Wisconsin to file annual reports with the insurance commissioner and to submit contracts and premium rates to him for review, although not necessarily for approval. The bill goes to the house. It has the backing of the governor.

Morrison To C. Of C. Post

George Morrison, district manager of the Oklahoma office of U. S. Chamber of Commerce, has been named assistant manager of the chamber's insurance department, to take over in August or September. He has been with the chamber for seven years. The assistant manager's job has been vacant for a number of months.

Seaboard Life has been licensed in Texas and Indiana.



Howard W. Hotz



A total of \$103,974,615 of new life insurance written during June is the story told in birthday greetings being presented to Theo. P. Beasley, president of Republic National Life by agency officers. June was President's Month at Republic National, and the total production in excess of \$100 million was an all-time record month for the company. Shown are Howard W. Channell, assistant vice-president and director of branch offices; H. R. Hunke, assistant vice-president and director of general agencies; Mr. Beasley; Clarence J. Skelton, senior vice-president and coordinator of production planning; Allen Cureton assistant vice-president and director of A&S agencies, and Lyman E. King, assistant vice-president and director of agency training.

'Public' Life Insurance Symposium In N.Y. Open To People In The Industry

The symposium on the economic and social contributions of life insurance to the nation at New York's Madison Square Garden, July 28, although billed as a "public" symposium, is open to life insurance agents and home office employees who are in the city on that date.

Invitation to attend the meeting, which begins at 9:30 a.m., and is being held in conjunction with Equitable Society's 100th anniversary celebration, has been extended to life insurance personnel by the symposium's sponsors—Life Insurance Assn., American Life Convention and Institute of Life Insurance.

As reported in last week's issue of THE NATIONAL UNDERWRITER, speakers will be John Sutherland Bonell, minister of New York's Fifth Avenue Presbyterian Church; Dr. Detlev W. Bronk, president of the National academy of Sciences; Ivy Baker Priest, treasurer of the United States; Neil H. Jacoby, dean of the University of California's graduate school of business administration, and Frederick R. Kappel, president of American Telephone & Telegraph Co. Holgar J. Johnson, president of Institute of Life Insurance, will give a summary of their views.

Beneficial Standard Life Enjoys Good First Half

Beneficial Standard wrote \$34 million of new life business in the first six months of 1959, bringing insurance in force to \$179 million. A&S premium income amounted to \$7,115,703, a gain of \$546,679 over the first half of 1958. Travel accident policies marketed through national credit cards produced \$510,000 of premium income.

State Mutual June Individual Life Sales Gain 27%, 9% In Six Months

State Mutual Life's individual life sales in June climbed 27% above June, 1958, a record, and for the first six months were \$101,846,00, a 9% increase. New annualized A&S premiums during June were up 69% and for the six months gained 72%.

Supreme Court Cases Carried Over

WASHINGTON—Summer adjournment of the U. S. Supreme Court left carried over until the fall for argument the following cases: No. 15, National Labor Relations Board vs Insurance

Vincent Coffin To Be Speaker At CLU Conferment Rites

Vincent B. Coffin, chancellor of the University of Hartford and former agency vice-president of Connecticut Mutual Life, will be the speaker at the 32nd annual conferment exercises of American College, Sept. 23, during the annual meeting of NALU in Philadelphia.

The CLU dinner and conferment ceremony is held every year in conjunction with the NALU convention. This year's audience is expected to number some 1,000 people.

Mr. Coffin will address the 1959 class of CLUs, of which there will be more than 700. Herbert C. Graebner, dean of the college, estimated.

Port Huron Agents Elect

Port Huron Life Underwriters Assn. has elected W. Robert Dundas, St. Clair, president. Also elected are Alphonse G. Beskangy, Port Huron, vice-president; Robert Visger, St. Clair, secretary, and Walter Baker, Port Huron, treasurer.

Agents International Union, in which the court granted a certiorari writ, and No. 51, Federal Trade Commission vs Travelers Health Association.

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Zimmerman Calls Group Life Abuses Self-Limiting

(CONTINUED FROM PAGE 1)

probably take constructive steps to stop some of the more questionable practices. In either case it is clear that abuses of group are self-limiting."

As group abuses Mr. Zimmerman mentioned "unrealistic limits, unsound underwriting, unfair compensation practices, unnecessary undermining of the agency system, unwise and anti-social discrimination in amounts available to different classes within a group and unwarranted applications, such as key-man and stock retirement coverages."

Regarding minimum deposit plans, Mr. Zimmerman said the Connecticut Mutual position is not that high cash value policies are intrinsically wrong but rather that they should not be subsidized by all other policyholders.

\$100,000-Minimum 'Specials'?

"People who want them should be willing to pay for them," he said. He suggested that competition trends in minimum deposit might result in lower surrender charges across the board for a number of companies and in the appearance of even higher minimums—perhaps as much as \$100,000—in some "special" contracts giving higher cash values at these amounts than in policies purchased for smaller amounts.

Mr. Zimmerman discussed the competition for savings dollars—particularly mutual funds—and the trend toward lower premiums and increasing use of term in preference to permanent insurance.

"We must not tear down the principle of equity investments," he warned. "Instead we must take a positive approach in selling the value of fixed dollars, in promoting the place of the fixed dollar and permanent life insurance as essentials in our prospects' financial picture. We must keep in mind that almost all property other than life insurance can go up or down in value, and that there is a vital need for fixed dollars to stabilize these fluctuations for any individual."

"The theory of equity purchases, dollar averaging, is a theory only. Dollar averaging is not a reality. People won't keep on buying equities in a sliding market, not the way they will keep putting money into permanent life insurance regardless of economic conditions."

Must Reaffirm Faith

"We must reaffirm our faith in our product. Life insurance, permanent life insurance, is the best way—often the only way—for most men to provide for themselves and their dependents, to measure up to the faith of loved ones who placed their lives in the hands of the breadwinner, to carry out fundamental personal responsibilities. Freedom from responsibility entails loss of all freedom. As life insurance men we promote recognition of and willingness to assume personal responsibility. This is our great contribution as free men to other free men and to the free society upon which all our futures depend."

Earlier in his talk, Mr. Zimmerman said the economists foresee a full-scale economic upswing for at least the next six months, which he termed a sound, natural recovery after the recent eight-month "recession."

"To the expansion of our business, however, the condition of the economy is not as important as the condition of the life insurance agent," he said.

"A prosperous economy provides more or less receptive prospects, re-

ceptive not only to life insurance but also to all the physical comforts and luxuries offered by all other business in furious competition for the consumer dollar. The agent who sells an increasing volume of life insurance, therefore, succeeds because of his own efforts and not because of healthy economy or because consumers are happy and optimistic."

Confidence In Future

Nevertheless, Mr. Zimmerman continued, life agents have every reason to feel confident about their future. Among other encouraging signs, he pointed to prospects for continued sound increase in productivity, for a record rate of family formation, and for a rising proportion of families in the middle-income groupings. He did, however, single out two dark spots in an otherwise rosy economic picture:

1. Unjust, burdensome taxation: "The tax burden is not likely to lessen in the foreseeable future, because of the increasing demands for services at all levels of government. Nevertheless, certain tax reforms can and should be made to free individuals to care for themselves, and to encourage efficient business administration. Our present tax structure discourages individual initiative and encourages wasteful business practices. Possibly a token action will be taken to reduce taxes in the political year of 1960, but a real effort toward tax reform probably won't be seen until 1961 at the earliest."

2. Inflation: "Since 1900 there have been more years of deflation than of inflation. Inflation is not inevitable,

and there are good reasons to believe it is not going to continue indefinitely. The facts are being brought home with increasing impact on the average citizen. There is a growing realization among the rank and file that federal spending for non-essentials must be stopped, that the vicious wage-price spiral is absolutely insane; that everyone ultimately suffers from inflation—including government itself, that subsidies to special economic groups hurt the economy, that there is danger of pricing ourselves out of world markets. The rank and file are starting to protest. Word from back home is starting to penetrate Congress, and there are signs that the economic facts of life are starting to supplant politics as the major guide to top-level thinking."

Simpkin Honors Leaders

Leading off the program was Agency Vice-president Raymond W. Simpkin, who presented trophies and plaques to national award winners for 1958 and honored several other groups of leading agents.

He pointed out that the increasing success of the Connecticut Mutual field force, and thus the company, was reflected in a comparison of records over the past few years. For example he noticed that in 1948, with a volume requirement of \$250,000, 300 agents qualified for the national meeting, as compared to 425 agents meeting a \$500,000 requirement for this year's convention. Since 1955 membership in the company's Million Dollar Corps has risen from 14 to 65; in the Half-Million Dollar Corps from

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65 to 222. Since 1951 the average production of the company's top 100 agents doubled, to \$1.2 million, with a 67% increase in commission income. Among those receiving trophies or plaques were the following agents, with winners and runners-up listed in that order:

Volume leaders: Robert Goldsmith, Los Angeles, \$4,447,000; J. Milton Edelstein, Chicago, \$2,986,000.

Leaders in cases: George Deras, Omaha, 199½; Noel Willis, Houston, 186½.

Conservation leaders: J. Robert Wilhelm, Philadelphia, and Donald Newton, Syracuse, both with 100% persistency on business written in the previous two years.

Leading supervisors: William Schubert, Boston, and James Mills, Atlanta.

Leading first-year agents, volume: Herbert Spaugh, Charlotte, N.C., \$1,078,000; John Maddox, Atlanta, \$885,000.

Leading first-year agents, cases: Herbert Cohen, Peoria, Ill., 88½; Richard Carvajal, San Antonio, 75½.

Leading second-year agents, volume: John Skalla, Omaha, \$1,020,000; Howard Dehoney, New Orleans, \$807,000.

Leading second-year agents, cases: Howard Shaw Jr., Denver, 143; John Skalla, Omaha, 105½.

Panel Discussions Conducted

Moderated by E. A. Starr, assistant agency vice-president, a panel of general agents discussed success patterns in the advanced sales field. Panelists were E. B. Bates, Los Angeles, W. S. Cobb, Boston, P. F. Howerston, Charlotte, N.C., Norris Maffett, Philadelphia, and P.L.B. Smith, Atlanta.

Horace R. Smith, assistant agency vice-president, presided over a symposium at which five younger agents gave their thoughts on the life business and their success in it. The agents are P.B. Carr, Portland, Ore., K.W. Christianson, Los Angeles, C.F. Eastman, Wilkes-Barre, Pa., J.C. Brown, Los Angeles, and J.F. Wilcox III, Omaha.

Frederick R. Griffin Jr., Philadelphia, a veteran of 33 years with the company and a life member of the Million Dollar Round Table, closed the conference with a talk on "My Company."

Publish Aid To New Girl In Life Office

Handbook for the Life Insurance Office, by Fred A. Lumb, New England Life general agent at Grand Rapids, has been published by the Rough Notes Co. The looseleaf, spiral handbook is designed for the new girl in the office. It answers questions of what the business is all about and how it operates, and where the girl fits into this. How the policy comes into existence, the requirements for issuance, and the different types of insurance are explained. One chapter itemizes most of the agency activities. The handbook may be obtained for \$2 per copy from Rough Notes Co., 1142 North Meridian Street, Indianapolis 6, Ind.

Flint Agents Elect Roeder

Flint Assn. of Life Underwriters has elected Albert I. Roeder, Northwestern Mutual, president. Other new officers are Robert V. Winters and Thor Neilson, vice-presidents; Loren G. Edmonds, secretary, and Thomas V. Kilpatrick, treasurer.

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(CONTINUED FROM PAGE 1)

encouragement of individual and organized voluntary action."

Secretary Flemming pointed out that steady progress has been made in extending and improving voluntary hospital insurance coverage of the aged under non-profit and commercial programs, about 49% of those 65 and over now having some hospital insurance protection. As recently as 1952 the percentage was only 25.

"The most rapid increase in coverage has been in the age group 65 to 69," he said. "If the same average yearly increase in the proportion covered is maintained as has been maintained during the last few years, private hospital insurance will reach about 56% of the aged population in 1965 and 68% in 1970. If the same rate of increase in coverage of OASDI beneficiaries that was recorded between 1951 and 1957 continues, about 79% of the aged beneficiaries group will have some form of health insurance by 1965.

"In view of the special efforts that are being made by non-profit plans and insurance companies, and in view of the experimenting that is taking place with new methods for extending coverage, it seems to me that we can look forward with confidence to 79% of the aged having some hospital insurance by 1965.

"In the light of this situation, I be-

lieve it would be very unwise to enact HR 4700. There is no question but that its enactment would bring to a virtual halt the voluntary efforts that are moving forward in such an encouraging manner... Enactment of HR 4700 would have far-reaching and irrevocable consequences. It would establish a course from which there would be no turning back. The opportunity for continued growth in coverage of and adequacy of voluntary health insurance for the aged would have become frozen in a vast uniform governmental system, foreclosing future opportunity for private groups—non-profit and commercial—to demonstrate their capacity to deal with the problem."

Asks Aid For Voluntary Plans

Secretary Flemming concluded his statement by saying that instead of abandoning voluntary hospital insurance for the aged in favor of compulsory insurance, every possible effort should be made to determine whether or not a plan can be developed that will strengthen the voluntary approach by making adequate protection available to a larger percentage of the aged.

As expected, the AFL-CIO spokesman came out strongly for the Forand bill and was scornful toward arguments that private insurance can do the job better and should be allowed the op-

portunity to prove it can.

Speaking for the U. S. Chamber of Commerce, A. D. Marshall, vice-president of General Dynamics Corp., opposed the Forand bill. He noted that it would not be confined to the aged but would pay benefits to all beneficiaries, young and old, on the social security rolls, and also to those who would be eligible for income benefits if it were not for the fact that they were earning too much.

Many other witnesses were on the list of those scheduled to be heard, including E. J. Faulkner, president of Woodmen Accident & Life, representing American Life Convention, Life Insurance Assn., and Health Insurance Assn. His testimony will be reported next week, since he was not scheduled to be heard until after the current issue had gone to press.

Donohue Heads NALU Building Fund Group

(CONTINUED FROM PAGE 1)

trustee of NALU. Treasurer is Louis J. Grayson, Travelers, Washington, D. C., NALU treasurer.

Other members of the committee are William H. Andrews Jr., Jefferson Standard, Greensboro, N. C.; David M. Blumberg, Massachusetts Mutual, Knoxville; Robert S. Clayton, Liberty National, Mobile; Robert W. Frye, Northwestern Mutual, Denver; David B. Fluegelman, Connecticut Mutual, New York City; Walter G. Gastil, Connecticut General, Los Angeles; Paul R. Green, Aetna Life, Seattle; NALU Vice-president William S. Hendley Jr., Mutual of New York, Columbia, S. C.; E. M. Hicklin, Occidental of North Carolina, Burlington, N. C.; Henry A. Kirsch, Aetna Life, Shreveport, La.; Francis G. McNamara, Old Line Life, Waukesha, Wis.; President Pritchard; Ellen M. Putnam, National Life of Vermont, Rochester, N. Y.; O. P. Schnabel, Jefferson Standard, San Antonio; John Z. Schneider, Connecticut General, Baltimore; Adon H. Smith II, Northwestern Mutual, Charlotte, N. C.; Jack A. Stewart, Phoenix Mutual, Cleveland; Sam B. Starrett Jr., Guarantee Mutual, Omaha; R. B. Walker, New York Life, Hollywood, Fla.; and R. Edwin Wood, Phoenix Mutual, San Francisco.

The countrywide fund-raising effort will be officially kicked off at the NALU annual convention, in Philadelphia, Sept. 20-25. Messrs. Donohue and Spence will outline their plans to the national council Sept. 22 and will give specific blueprints for operation to association leaders at a special fund-raisers' briefing session on Sept. 23.

Campaign Director Spence said the country as a whole will be divided into 10 fund-raising areas. Each local and state association will have a fund-raising chairman in charge of activity, while the areas will be headed up for the most part by NALU trustees.

The over-all timetable for the campaign will be keyed to these special events: Kick-off at the Philadelphia convention, distribution of certificates to "charter builders" and kick-off at local associations, Oct. 1-15; completion of major portion of the campaign by Dec. 1; deadline for final payment of "charter builder" contributions (for those persons who wish to have their names inscribed in bronze in the NALU building) by March 1, 1960.

Preparation of appropriate fund-raising promotional materials and makeup of campaign organization is proceeding at full speed, according to Mr. Spence. Architects now are finishing final plans for the building preparatory to the asking of construction bids.

Prof. Upgren Calls Chances Of Continuing Inflation Small

(CONTINUED FROM PAGE 2)

not true. This illustrates the adage of Artemus Ward that "it isn't what people don't know that hurts so much as what they know that ain't so."

Then too from early 1952 to early 1956 we had four years of the most stable prices this country has ever known. Here we can almost add that we had price stability from March 1956 we may well say from March 15, 1956 for five years into March, 1956. In other words, the nation required less than a year to bring the Korean price rise fully under control.

Lauds Truman, Taft

The date to celebrate here is March 15, then federal tax payment day. The heroes to be named would include, foremost, President Harry Truman and the late Sen. Robert Taft. Never was a more valiant effort in the nation's interest made by the men of very opposite political persuasion than by these men in getting taxes increased to cover the Korean wartime federal expenditures.

In 1949 net receipts of the federal government were \$36.5 billion. In 1952 this total of receipts had been lifted to \$61.4 billion. This was a rise of practically \$25 billion in receipts in two years.

Cites 'Fiscal Rectitude'

Receipts now passed the World War II peak (\$44.4 billion) by \$17 billion or 40%. This is great fiscal rectitude despite the much smaller military effort of the Korean War. In fiscal 1956 (year ending June 30) the budget was brought into balance. In fact that year a surplus of \$3.5 billion was produced. This compares with a deficit of \$3.1 billion in fiscal 1950. This how quickly we raised taxes to stop inflation.

Expenditures in the Korean period reached 75% of World War II's great single year's expenditure.

This heavy rate of taxation stopped the Korean inflationary price rise dead in its tracks. It did so by March, 1950. Not until the second quarter of 1951 did prices again more modestly start rising. Thus from August, 1948, until April, 1956, the price rise was limited to that which was spontaneous produced by the outbreak of the war in Korea. The record, fiscally speaking, was as proud as the fighting in Korea. Here we see that the recipe to stop inflation rests in the three-lettered word: Tax.

Why The 1956-58 Rise?

From April, 1956 to August, 1957 prices did rise. This price rise was only non-war period of price rise since 1948. It was small but we may ask: Why did it occur?

In March, 1958 the consumers' price index stood at 114.7, with practically all the rise from 100.4 in early 1948 occurring in the first nine months of the Korean War.

This index of 114.7 in March, 1958 rose to 123.9 in July of 1958. This is a rise of 9.2 points, equal to 8% from March, 1956 level. A little more than 6% of this price rise took place in 1956 and 1957. The remaining 2%, plus a little, took place in 1958.

In 1958 the price level fell to 123.9 in July to 123.7 in August. The lower level has continued to prevail in September and October. Certainly no marked price rise is expected.

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the next seven months and perhaps the next year.

Is the 8% price rise genuinely serious and the forerunner of continued inflation of prices? Or is this price rise of 1956-58 a separate fact, with separate causes that are not likely soon to be repeated?

The cause of the price rise from 1956 to 1958 does not appear to be a continuous "creeping inflation"-inspired cause. To be sure, wages did rise and they rose faster than productivity. But what made possible the rise in wages in large part was the pronounced new plant investment boom by business. This is illustrated in diagram 1 below.

period of capital gestation," always tends to lead to a price rise. It is one of the oldest explanations of price movements that we have in economics. What starts the process is a vigorous rate of invention and innovation leading in turn to the expansion of investment in plant facilities.

Credit Supplies Enlarged

At the same time, the supplies of credit are enlarged, but additional goods supplies to be produced with the new plant facilities are not yet forthcoming. In fact, they are not forthcoming until the plants are entirely done.

doing about \$100 billion of work a year. This meant we had about 50 cents in money for each dollar of work money had to do each year.

Money Supply Not Excessive

Today our money supply is about \$220 billion, and the money work we are doing is running at the rate of \$440 billion. Thus the amount of money we have today, as in the 1920s, is about 50 cents again for each dollar of money work to be done today. Thus we say there is no pressure from an excessive stock of money to drive prices up.

The price history of the U.S., as has been shown, has many more years in which prices fell than years in which prices have risen. To be sure, since 1940 the price rise has been substantial due to World War II and the Korean War. However, that rise was very greatly facilitated by the huge upvaluation of gold as a deliberate act in the 1930s which so greatly increased our nation's gold supply.

Deflation More Of A Threat

This is a policy which the U.S. sternly opposes in any form for the discernible future. Consequently, we face years ahead in which the total volume of business will grow, and, our problem, to paraphrase Sir Winston Churchill's remark about postwar Germany ("The problem will not be how to hold Germany down but how to hold Germany up") may very well be the problem of avoiding deflation rather than avoiding inflation.

As a nation, we are so sternly set against inflation as a matter of national will that we may produce conditions which could lead to deflation. Certainly as the volume of business in the U.S. grows toward the \$600 billion level predicted by Dr. Arthur F. Burns for our gross national product in 1966 and towards the \$1 trillion level sometime in the decade of the 1970s, our problem is going to be how to keep up an adequate money supply to finance all this increasing volume of business without falling prices. We have now learned how to use fiscal or taxation policy to oppose price increases. Early in the present decade, we released monetary policy from its wartime imprisonment so that it could be in the service of the nation to oppose inflation.

The claims which have increasingly been made that, because of inflation, there are many forms of investment to be preferred to life insurance is not a well-supported claim. In the history

of the U.S., these claims are not well founded, and they can be dangerous as a guide to wise policy for the family wishing to establish economic protection for all of its members.

It is certainly true that common stocks have a place in an investment program of a family with a growing and expanding income as is the typical situation in the U.S. But prior to embarking upon such investments should come an adequate program of life insurance, as this is the only way in which the earlier years protection can be provided in amounts greatly in excess of funds available and expended for that purpose.

Represents Safety, Assurance

Life insurance represents safety and assurance of economic protection. That protection is afforded in much larger amounts when it is first bought. Then, of course, it is needed the most. One of the most emphatic reasons calling for a constantly expanding life insurance program is the fact of the typical expanding income of the typical American family. As that income expands, and out of its proceeds, it is entirely possible to provide life insurance protection in an amount which will fully cover any possible anticipated price increase in the discernible future. By "discernible future" is meant a period of 15 or 20 years ahead.

In these years, the economy is going to expand and advance vigorously. The figures on the average family income in America are illustrative here.

Earlier it was shown that average family income in the U.S. had risen from \$4,130 to \$6,130 in 1957. This will continue to a level of about \$7,130 in 1965. All of this rise can occur without inflation, and yet can serve to finance an adequate life insurance program for the average American family.

Birmingham CLUs Elect

Birmingham chapter of CLU has elected Frank Williams, Prudential, president. Emmett Kirkland, Guardian Life, is vice-president, and Harmon R. Berger, New York Life, secretary-treasurer.

Lincoln Natl. Slates '60 Meetings

Lincoln National will hold sales conferences in 1960 at Colorado Springs, June 8-11; Los Angeles, June 14-17, Hot Springs, Va., June 26-29, and Atlantic City, July 6-9.

The Business Cycle Boom and Decline--1956-1958 Leading to Price Inflation and Its Ending

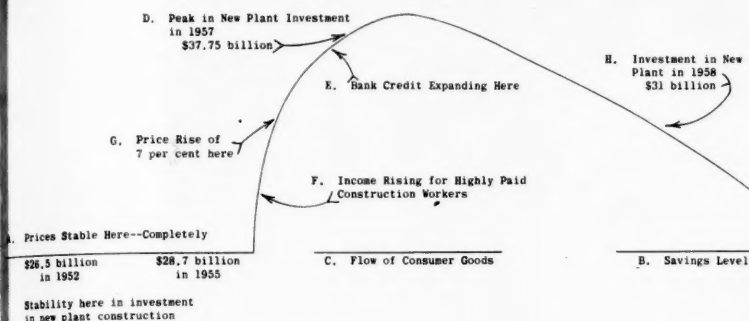


Diagram 1 How Expansion of Investment in New Plant Causes Inflation--The Process Revealed

In diagram 1 there is price stability indicated at point A (1952-1956). In this period from 1952 through 1955 there was, as is indicated in the lower left corner of the diagram, great stability in the investment by business in new plant facilities. Then starting in 1956, this investment in new plant facilities steadily rose from \$28.7 billion in the third quarter of 1957. This was a rise of \$9 billion in the yearly amount of such investment.

The earlier \$28.7 billion rate of investment in new plant facilities was adequately covered by the level of savings as indicated at point B in the chart. At the same time, the flow of consumer goods, point C was steady.

Bank Credit Expanded

Now when the sharp \$9 billion rise occurred in expenditures for new plant facilities, bank credit (point E) started expanding and the incomes of high-paid construction workers (point F) started to rise. This produced a price rise of 7% (point G).

This price rise continued until plant expenditures turned down in 1958 (point H). In the third quarter of 1958, these expenditures were decreased by \$7.5 billion from the high point only a year earlier. Here we see one of the major causes of the 1957-59 economic recession. At first this marked decline in new plant facilities investment contributed to the recession and in the third quarter it appears to have contributed to price stabilization.

Cause Was 'Very Special'

In other words, the price rise of 1956-57 had its very special cause in the pronounced increased outlay in plant investment. The comparison of this rise in plant investment expenditure and the rise in the price level is provided in diagram 2 at right.

Thus we observe that there was a modest inflation of prices in 1956 and 1957, but this rise had a special cause in the pronounced expansion of business investment in new plant and equipment. This expansion, taking place as economists call it in "the

This naturally follows because new plants are not able to produce electric current until they are finished completely and the switch is thrown or the plant is put "on stream" in the case of a chemical establishment or the vessel is entirely completed in the case of a new large oil tanker.

Calls Cause Non-Recurring

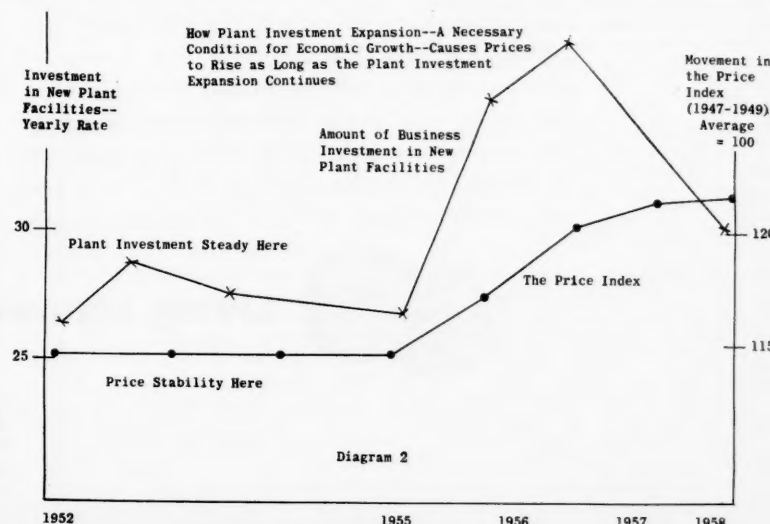
The cause of the price rise in 1956-57 is quite non-recurring. There was inflation, but there does not seem the prospect for its continuation until we have another sharp plant investment boom. It is that very boom which subsequently increases the flow of goods and the efficiency with which they are produced. That plant investment also increases incomes. All of these consequences are good because this is in fact the precise way in which progress is made in a free, inventive, and innovating society.

There can be no question but what the level of wages can be advanced more rapidly than the nation can advance the general average productivity per worker. In such a case, there is a tendency towards inflation. However, the vigorous rate of business investment in new plant and equipment creates the milieu for rising wages in that larger degree which tends to create rising prices.

No Inflation In 1952-56

Moreover, from 1952 to 1956 business was good and wages were increased, but there was no inflation of prices. The inflation of 1956-57 appears effectively to have been brought to an end by the Federal Reserve System's tight money policy first instituted in 1956 and continued in 1957.

A final important cause of inflation can be excessiveness in the money supply. In other words, if the supply of money and bank credit is unduly large, this in itself might tend to cause inflation. Here, however, we find that we have fully "lived up to" the larger money supply created during and immediately after World War II. In the late 1920s when we did not have inflation, we had roundly a stock of \$50 billion of money, and money was



The Relation of Increasing Investment by Business in New Plant and Equipment to Changes in Price--1955-1958



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